

# today's hotelier

April 2021 | todayshotelier.com

Official Publication of AAHOA

THE DIVERSITY ISSUE

TODAY'S HOTELIER

AAHOA'S OFFICIAL PUBLICATION



**ANDREA BELFANTI**  
*Executive Director  
International Society  
of Hospitality Consultants*

## A CULTURE OF CREATIVITY

Building diversity to establish a stronger, more adaptable workforce

## PUSHING FOR PROGRESS

Creating opportunity and access for all through diversity and inclusion

## EXPERT PREDICTIONS

Thoughts on the industry's short and long-term future



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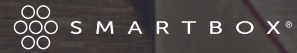
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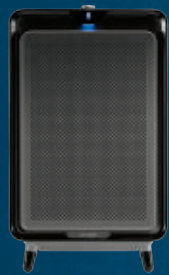
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### Today's Hotelier

is the official monthly publication of AAHOA  
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is published by

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Today's Hotelier (ISSN 24174062), volume 21, issue 4, is published monthly by Naylor Association Solutions, for AAHOA, 1100 Abernathy Road, Suite 725, Atlanta, GA 30328. Periodicals postage paid at Gainesville, Florida, and at additional mailing offices. Postmaster: Send address changes to Today's Hotelier, 11350 McCormick Rd #1000, Hunt Valley, MD 21031.

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**BIRAN PATEL**  
AAHOA CHAIRMAN (2020-2021)

## Diversity brings opportunities and successes to the workplace

“

While we work to further the interests and status of America’s hoteliers, we must also look within our own businesses to promote anti-discrimination, diversity, and inclusion among those we employ.”

**D**IVERSITY IS ONE OF THE GREAT STRENGTHS OF AMERICAN SOCIETY. IT IS ALSO A fundamental pillar of the American Dream. America has long been considered the “Land of Opportunity,” where anyone can forge a better life and future through prudence, hard work, and perseverance. However, opportunity is not always equal. Ethnicity, race, gender, and religion have long been the bases for discrimination in this country, and our industry faces challenging questions of its own on the matter.

More than 30 years ago, the founders of AAHOA united to overcome discrimination in their business pursuits. And today as the AAHOA Chairman, I am honored to further our work toward preserving the American Dream by protecting free enterprise, equal access, and inclusion. I’m thankful, in today’s climate, the discrimination that spurred AAHOA’s creation is not as prevalent. While we work to further the interests and status of America’s hoteliers, we must also look within our own businesses to promote anti-discrimination, diversity, and inclusion among those we employ.

AAHOA Members are at the forefront of the hospitality industry, owning and operating nearly half of the hotels and motels in the country, and supporting thousands of employees. As a hospitality business, our teams are the lifeblood of the business and cornerstones of the guest experience. Recruiting, retaining, and empowering our talented employees remains an essential part of the business. To better your workplace and your business, look to renew a commitment to engaging talent of diverse backgrounds, perspectives, and abilities.

We are accountable to the people we employ and the communities we serve. Ultimately, our accountability begins and ends in the professional environment we foster. No guest should feel unwelcome, and no employee should feel excluded, demeaned, or boxed in. Whether you send out surveys, field manager reports, or speak directly with your employees, check in to see their perspective on the workplace culture and their career aspirations. Hiring an excellent and diverse team is not enough; we are obligated to make our employees feel comfortable and welcomed while advocating for the development of their skills and careers.

A company’s culture flows from the top down. Increasing diverse representation in leadership and critical roles can bring nuanced insights and perspectives to your organization. Equal opportunities and transparency should be the foundation of upward mobility in your organization, and for good reasons. When you invest in the long-term success and retention of your team members, you empower them to flourish in their professional life. But this attention must be focused on diverse and inclusive initiatives, promotions, and opportunities. A varied range of backgrounds, beliefs, and experiences will bring nuanced perspectives and voices to the way your business operates.

Of course, we must look to promote diversity not just in our businesses but also in our extended communities. It is not too late nor ever more paramount to be an exemplary neighbor. When it comes to accountable diversity – initiatives to help all members of our communities, industry, and businesses achieve access to economic and social mobility – we must remain steadfast in commitments to just, fair, and equitable action. To achieve a cohesive, truly united society, we must champion the unique talents, backgrounds, and cultures of our peers. Strengthening diversity and inclusion is absolutely essential, and the future of our industry rests in our hands. ■



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**CECIL P. STATON**  
AAHOA PRESIDENT & CEO

## Lessons from legacy: empowering diversity in hospitality

“AAHOA is committed to elevating the future generations of leaders in the hospitality industry, and I am proud of our efforts to promote and program conferences and events specifically for women hoteliers and young professional hoteliers.”

**T**HIS PAST YEAR HAS PRESENTED US WITH INNUMERABLE TRIBULATIONS, and just weeks ago, our industry suffered another profound loss with the sudden passing of Arne Sorenson. At times when the hospitality community looked to its leaders for direction, Arne stood tall as a beacon of visionary leadership and innovative contributions. His presence will be greatly missed. Arne drove remarkable advancements in the hospitality industry, promoting diversity, equal opportunity, and inclusivity. As we celebrate Arne’s life and dedication, let us look to the legacy and impact he has left and seek to further it in his memory.

I am challenging myself – and invite you to do the same – to reflect upon the lessons Arne and others have left us. Growing up, my parents dedicated themselves to provide me with resources and support so I could pursue opportunities that circumstances did not afford them. Both my mother and father operated small businesses; Dad ran a shoe repair store, and Mom helped start a small mortgage banking company. My mother was the matriarch of the family, demonstrating relentless drive and enthusiasm both in the workplace and at home. I draw inspiration from her daily as President & CEO of AAHOA, and I strive to direct our association to empower others with the opportunities toward leadership and success.

From my previous endeavors in the private industry and academia, I can attest to this fundamental principle: Leadership quality, company culture, and operational performance are strengthened by diversity. AAHOA is committed to elevating the future generations of leaders in the hospitality industry, and I am proud of our efforts to promote and program conferences and events specifically for women hoteliers and young professional hoteliers. When I joined AAHOA, Jagruti Panwala was the first woman to serve as Chair of the AAHOA Board of Directors, and current Executive Vice President & COO Rachel Humphrey was the Interim President & CEO. Internally, women comprise more than half of the AAHOA team and lead the association in six leadership roles.

Recently, the Castell Project, Inc. released its third annual report on women in hospitality industry leadership, showing upward trends in our industry’s performance on the gender diversity in executive and leadership roles. As our industry works to recover from the pandemic, we will find strength in diversity and success in promoting leadership-opportunity initiative programs to empower members of the hospitality community to lead confidently in any context, at AAHOA and beyond. ■

### Honoring the legacy of Arne Sorenson

To learn more about how you can honor the legacy of late Marriott President & CEO Arne Sorenson, and help build the next generation of hospitality industry leaders, see [page 30](#).



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# 5 Things To Know About AAHOA This Month

## 1 ENTER TO WIN! AAHOA'S 2021 MEMBERSHIP RENEWAL INCENTIVE.

We all know these past 12 months have been unlike anything we've ever seen. But this is just one of the many reasons AAHOA exists – to unite behind a common cause and weather any storm together. And the more hoteliers we can help – and the more hoteliers we represent – the more great work we can do on behalf of America's hotel owners. Help us build a stronger AAHOA by renewing your hotelier annual membership. If you do so by June 30, you will be eligible to win roundtrip coach airfare to

Dallas and three nights' accommodations at the Omni for AAHOACON21.\*

The drawing to determine the winner is July 1, and there is no requirement to register for convention to enter the sweepstakes.

[AAHOA.com/sweepstakes](http://AAHOA.com/sweepstakes)

## 2 WE'RE HEADED TO HUNTER NEXT MONTH.

This May 10-12, the 2021 Hunter Hotel Investment Conference brings together the nation's most influential leaders and investors in the hotel industry to analyze trends, network, and turn prospective opportunities into business transactions. During the conference, AAHOA is excited to host a Young Professional Hoteliers Reception 7-9 p.m. May 11 at STATS Brewpub in downtown Atlanta. You don't want to miss it!

[hunterconference.com](http://hunterconference.com)

## 3 THIS MONTH KICKS OFF AAHOA CHARITY GOLF TOURNAMENT SEASON.



Registration is now open for the next four events on AAHOA's 2021 Charity Golf Tournament schedule. We invite players and sponsors to join us as we come together to support local charities and ongoing COVID-19 relief efforts. It also will be a great opportunity to network in person once again while enjoying a beautiful day of competitive golf at some of the country's top golf courses. Event participants' well-being, health, and safety at our golf tournaments are our No. 1 priority, so we are taking all necessary precautions to keep you safe. Check the link below and sign up for the event near you!

[AAHOA.com/golf](http://AAHOA.com/golf)

## 4 HELP US CELEBRATE EXCELLENCE IN THE AAHOA INDUSTRY.



Each year, AAHOA honors hoteliers for their contributions to the hospitality industry and the challenges of the past year have indeed revealed greatness. Our industry continues to grapple with a once-in-a-lifetime catastrophe that blindsided us in 2020, but that black-swan event uncovered a strength of will and spirit of giving that was unprecedented. Do you know a hotelier who has gone above and beyond in their efforts, especially during the COVID-19 pandemic? Now is the time to nominate him or her for one of seven awards to be bestowed at AAHOACON21 on August 3-6 in Dallas, TX. See a complete list of the awards at the link below. The deadline to submit nominations is Friday, June 4, and you do not need to be an AAHOA Member to submit a nomination.

[AAHOA.com/awards](http://AAHOA.com/awards)

## 5 REGISTRATION IS OPEN FOR AAHOACON21.

Registration is now open for the 2021 AAHOA Convention & Trade Show, the most-anticipated AAHOA event of the year! It will be our first in-person convention since 2019, as the pandemic forced us to hold our 2020 convention virtually. And while the 2020 event was a marvel of technology and innovation, there is nothing quite like gathering in person with friends old and new to network, learn, get inspired, and make deals on the trade show floor. Be assured that your health and safety are our utmost concern and AAHOA will take all necessary precautions to ensure AAHOACON21 is a safe and enjoyable event. Can't wait to see you all there!

[AAHOA.com/convention](http://AAHOA.com/convention)

*\*No purchase necessary, subject to official rules. Ends 6/30/2021. Rules apply. Prizes shall not be redeemable for cash and all decisions are final.*



# The American Rescue Plan

Biden secures third round of major pandemic relief

by SEAN GROSSNICKLE

EUGENIA PARAJANIAN/SHUTTERSTOCK.COM

**T**HE NEED TO ACT IS CLEAR in the lines at food banks, the small businesses that are closed or closing, and the growing NUMBER of Americans experiencing housing insecurity. After nearly a year of the public health crisis, our nation remains in this dark winter of the pandemic and facing a deep economic crisis. - The American Rescue Plan, from the White House Briefing Room, Jan. 20, 2021

On the day of his inauguration, President Joe Biden promised to unite the American people and lift the health of the nation

from the grips of the COVID-19 pandemic. Biden unveiled the American Rescue Plan (ARP), a \$1.9 trillion relief package, coupled with a flurry of executive orders pertaining to climate, equity, immigration, and the economy. From the onset, the ARP was anything but a bridge to unify the partisan divisions entrenched in Washington, D.C. – not a single Republican voted in favor of the relief package in its months-long course of debate and deliberations through Congress. Divisions were present among the Democratic party as well, notably in the Senate where tough negotiations tested the Democrats slim majority power. Yet on day 50 of his presidency, Biden signed the ARP into law.

## A LOOK AT WHAT THE ARP DOES FOR AMERICA'S HOTELIERS

The \$1.9 trillion ARP contains a laundry list of provisions, from direct stimulus payments to state and local funding to vaccine distribution. For the hotelier, the increased funding for the Paycheck

Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) are most relevant. The ARP adds \$7.25 billion to the PPP and an additional \$15 billion for EIDLs. The \$160 billion earmarked for vaccine funding will also benefit the industry. COVID-19 cases have been trending downwards, and as more Americans receive the vaccine, travelers will feel more comfortable getting back on the road.

## BIDEN AND THE DEMOCRATS ROLLED THE ARP BUT FACE A BUMPY ROAD AHEAD

The ARP is a massive political victory for the Biden Administration, showcasing its influence over a fragile Democratic majority in control of Congress. At the same time, the legislation's contested journey through Congress foreshadows the partisan divide Biden and the Democratic majority will face when enacting their longer-term economic agenda. However, the partisan split on the ARP did not reflect the American public's support of the pandemic relief

package. According to a poll conducted by the Pew Research Center in early March, 70% of U.S. adults said they favored the bill, and only 28% noted their opposition to it. Support was even surprisingly high among Republicans and Republican-leaning independents, who polled at 41% in favor of the ARP.

The political theatre performed in Congress does not always reflect the will of the American public. As the pandemic eclipses the one-year mark, Americans are looking to the government to alleviate the ongoing health and economic crisis. The Biden Administration has benchmarked its success on getting the pandemic under control and getting Americans back to work, which could prove more difficult depending on what legislation he pursues next. Not only will Biden require unbreaking support from the Democrats, but he will also have to cross the aisle to work with Republicans in Congress, many of whom are embittered with the price tag of the ARP and their lack of say in the final legislation. ■

# Congress reaffirms support for the Paycheck Protection Program

*Common Ground profiles members of opposing parties who are working together to advance issues important to hoteliers.*

by SEAN GROSSNICKLE

## THE ISSUE

The Paycheck Protection Program (PPP) was established more than a year ago in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP has been a centerpiece of pandemic relief targeted directly to assist small businesses severely impacted by the ongoing pandemic. Since its inception, the PPP has provided nearly \$700 billion of government-backed small business loans that can be forgiven if used to cover payroll costs and other approved expenses. In 2021 alone, 2.1 million PPP loans were approved, totaling \$156.2 billion as of March 7.

The PPP has been a hallmark of bipartisan cooperation in Congress. After its initial success, the PPP has received numerous rounds of funding, regulatory reforms, and deadline

extensions. While the program has garnered criticism for its inequity and terms of forgiveness, it nonetheless remains a staple in the federal government's ongoing effort to support small businesses. The PPP received its latest round of funding from the American Rescue Plan signed into law on March 11, 2021, adding \$7.25 billion to the program. However, the PPP was once again approaching expiration on March 31, 2021. As that deadline neared, banks began winding down their PPP operations, which was further complicated by

the periods of loan forgiveness, leaving many applicants waiting for the second round of funding before the program was set to expire.

## COMMON GROUND

In early March 2021, Members of the House Committee on Small Business hosted a hearing to discuss the recent round of funding allocated to the PPP and its upcoming deadline. Members of the committee proposed H.R. 1799, the Paycheck Protection Program Extension Act, which would extend the PPP deadline to May 31, 2021. At the time this article was penned, companion legislation in the Senate had yet to be proposed. Given its history of bipartisan support, we expect this legislation to pass prior to the March deadline. ■



### Rep. Carolyn Boudreaux (D-GA-7), Sponsor of the Paycheck Protection Program Extension Act

*“During the past year, small businesses in Gwinnett and Forsyth have been devastated by the impact of COVID-19. While PPP assistance has been a crucial lifeline for many businesses in my district, I hear every day from mom-and-pop shops that have been unable to access the financial resources offered by the program. Many of those businesses are minority- or women-owned. Passing the bipartisan Paycheck Protection Program Extension Act will allow more of these businesses the opportunity to access much-needed funds.”*

### Rep. Blaine Luetkemeyer (R-MO-3), Co-sponsor of the Paycheck Protection Program Extension Act

*“As America begins to open up for business and vaccines become more widely distributed across the country, we must provide targeted relief for small businesses that need it most. This bipartisan legislation will provide a commonsense extension to the Paycheck Protection Program and the tools for Main Street USA to contribute to their local economies once again.”*

# Pushing for progress

Creating opportunity and access for all through diversity and inclusion

by ANDREA BELFANTI

**T**HROUGHOUT MY CAREER, I'VE BEEN FORTUNATE TO MEET, COLLABORATE WITH, AND DEVELOP MEANINGFUL friendships with some of the brightest people within hospitality. Like many of you, I love this industry and its people, and I appreciate all it has provided me.

However, even with all the good we do as an industry, we have much work to do when it comes to consistently doing right by many of our colleagues who have also dedicated their careers to hospitality. As hospitality professionals, our goal is to make people feel welcome. We fall short of that for our guests and employees when only select groups of people are represented at all levels of leadership.

During the past few years, I've become more involved in helping women advance within our industry. Although women are more than half of all hospitality professionals, they still find it difficult to advance in leadership, with only 12% of leadership positions being held by women.

Unfortunately, this is not new information, especially for women who desire the responsibility of pushing our industry forward but struggle to find opportunities to do so.

The Castell Project's *Women in Hospitality Industry Leadership 2020* study found that in 2019 the odds of women rising into leadership positions within hotel companies are roughly 1:7 when compared to men. Additionally, this gap widens for women striving to be CEOs, as the odds of women achieving this position within hotel companies are 1:20.

We are making progress, but more progress is needed – and at a quicker pace – if we truly want women to rise into greater positions of influence within hospitality.

## DIVERSITY GOES BEYOND WOMEN IN LEADERSHIP

When discrimination occurs to people who look like you, it's easy to see the need for change and feel passionate about creating that change. However, the social justice protests and new research on Black representation in our industry helped me realize that more of our colleagues, not just women, need support. While the number of women within hospitality's executive ranks are low, Black hospitality professionals – men and women – represent an even lower percentage of industry executives.

The Castell Project's *Black Representation in Hospitality Industry Leadership 2020* study found that while Black professionals are a large part of our industry's workforce, 18.8 percent or one in five workers, they are vastly underrepresented among leadership.

Black executives represent 1.5% of hospitality industry executives at the director level or above on company websites, which is 12.5 times below their proportionate share of hospitality industry employment.

For comparison, Korn Ferry reports that Black people hold 5% of executive positions across all industries and 4% of executive positions at S&P 500 companies.

At the highest leadership levels of hospitality, Black professionals represent less than 1% of CEOs/presidents (0.9%) and C-level executives (0.7%). Of this executive cohort, Black women represent 14% of Black CEOs/presidents.

As the data show, there are significant disparities between the number of Black professionals in hospitality and those who have risen into leadership. Additionally, when compared to other industries, it's clear that hospitality is not setting the pace with regard to developing Black leaders for the executive suite.

## IT'S MORE THAN JUST DOING THE 'RIGHT THING'

Simply put, having hospitality's leaders truly represent our industry's workforce is the right thing to do. But if that isn't reason enough for hotel companies to make it a priority, it makes good business sense in terms of profitability.

Recently published by McKinsey & Company, *Diversity wins: How inclusion matters* found that companies with more than 30% women on their executive teams are significantly more likely to outperform

(on EBIT margin) those with less than 30% women executives.

In the case of ethnic and cultural diversity, companies in the top quartile outperformed those in the fourth by 36% in terms of profitability in 2019, up from 33% in 2017 and 35% in 2014.

We have data on women and Black representation within the hospitality industry, but there are other groups that aren't represented at all levels of leadership in our industry. When the pandemic subsides and travel increases, the recent labor crisis will likely still be a concern. Future employees will choose industries where they feel valued and can see the opportunity for advancement. If we don't proactively engage our entire workforce now, labor stands to become another of our long-term recovery issues.

#### WHAT CAN WE DO?

To make meaningful and measurable change in hospitality as it relates to diversity and inclusion, we all must commit to making this a long-term priority. While the effects of the global pandemic have reshaped our industry, causing many businesses to struggle, we cannot allow the momentum supporting diversity and inclusion within hospitality to wait until we "get back to normal." As an industry, we have an opportunity to position ourselves stronger than before. But to succeed, we must commit to doing things differently. Diversity and inclusion are too important to only be addressed during a townhall or curated social media campaign.

It's encouraging to see so many companies and leaders taking a stand on these issues, but we need to come together as an industry to make real change. As part of my commitment to improving diversity and inclusion within hospitality, the International Society of Hospitality Consultants (ISHC) has partnered with Questex Hospitality + Travel to launch the Diversity & Inclusion Advisory Council. With our collaborative effort, we hope to serve as a catalyst to steer our

industry on a path to equality for all guests and employees.

As we embark on this initiative, my challenge to you, my industry colleagues, is to take action by starting the conversation within your organization and with your industry peers and competitors. Our industry's problems are too large and affect too many to continue postponing

their importance. Collectively, we all must take part in developing the solution.

If we come together to address this problem, the future of hospitality will be stronger as a result. In the current reality of world events, we must become comfortable with change and now is the time to make changes that can have a lasting, positive impact. ■

“

When the pandemic subsides and travel increases, the recent labor crisis will likely still be a concern. Future employees will choose industries where they feel valued and can see the opportunity for advancement.”

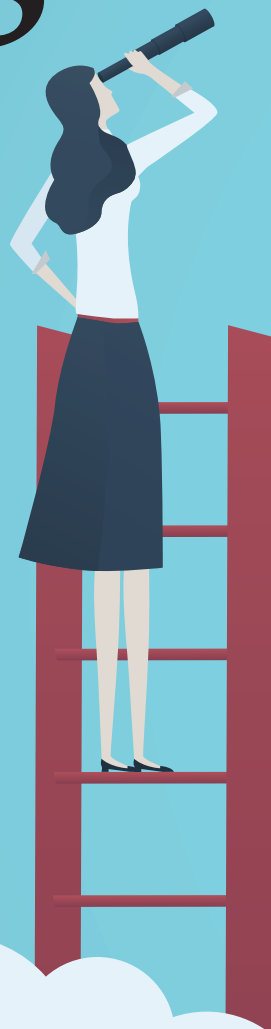
Andrea Belfanti,  
Executive Director,  
International Society of  
Hospitality Consultants



# What glass ceiling?

Across the industry, strong women leaders are breaking barriers and reaching new heights

by AMY BELL



**W** E HOPE YOU'RE WEARING shoes, because women are crashing through glass ceilings all across the hospitality industry. It's no secret that the hotel industry historically has been male dominated. Even today, women are still largely underrepresented in executive-level positions.

According to a Castell Project hospitality leadership report, only one in 22 CEOs and one in nine presidents were women in 2018. Fortunately, this trend is shifting, slowly but surely, as an increasing number of determined professional women are stepping into hotel leadership positions.

We recently had the privilege to speak with five inspirational women leaders in hospitality. Keep reading to learn more about these fierce women, their motivations and aspirations, and what drives them on their leadership journey.

**KOMAL (TINA) PATEL,  
MANAGING DIRECTOR,  
ALKO HOTELS,  
AAHOA DIRECTOR  
(VARIOUS ROLES) 2012-2019**

Tina Patel is the Managing Partner at ALKO Hotels, a prominent hospitality management company in Eugene, OR, and also serves on the AAHOA Independent Hoteliers Committee. She and her husband, Al, moved to the U.S. from India in the late 1980s with little more than the clothes on their backs. Today, Tina owns, operates, and manages multiple franchised hotels across the Northwest region, including flagship brands such as Marriott, Hilton, IH, and IHG. She was also the recipient of AAHOA's 2019 Outstanding Woman Hotelier of the Year Award.

When it comes to career achievements, Tina points to when she and her husband took the leap to create their first franchised hotel. "That step opened the doors for us and other franchises," she explained. "Another huge success was being able to create a successful hotel management company."

As an active member of AAHOA, Tina is thrilled to see more women rising to hospitality leadership roles. "AAHOA has seen a significant increase in involvement from women hoteliers," she added. "More women are getting involved in the community and participating in boards and committees."

Even so, she believes there always will be challenges for women pursuing hospitality leadership roles. Her words of advice to these women? **"The way to succeed is to have perseverance and cultivate support with other women hoteliers.** Always know what you want and don't let anyone tell you otherwise."



**SARAH GULATI,  
ATTORNEY &  
COUNSELOR AT  
LAW, GULATI LAW,  
P.L.**

Sarah Gulati is an accomplished attorney who helps clients purchase and sell hotels across Florida. She also assists hoteliers in the resolution of lawsuits and other legal matters. As an AAHOA Member, Sarah is an integral part of lobbying efforts for hotel owners' rights. For three years in a row, she has been elected as a Super Lawyer™.

When her family moved from the UK to the U.S. in 2000, Sarah's father opened a hotel. "I was hooked, first helping my father in his independent hotel, and then assisting other family members in theirs," she recalled. "After starting my law firm, I was able to help clients buy, sell, and develop businesses and hotels, and I never questioned my path."

In recent years, Sarah has seen a surge of women hospitality leaders.



"Being part of AAHOA's women hotelier's focus group for the past few years, we have seen an amazing increase in the activity of women," she said. **"As this nation is changing as a whole, women are voicing the power and value they bring."**

Sarah is proud to be entering the 10th year of her law practice and title company, which she started from scratch. Of course, there have been challenges along the way, particularly in an industry dominated by men. "I believe entering a field in which men are sometimes more highly esteemed (both in law and hospitality) can be an intimidating task, and I have had to work doubly hard to earn respect," she said. "Luckily, I have formed relationships with many people in the industry, both men and women, who have seen the value I bring and assisted me in my success."

**JAGRUTI PANWALA, PRESIDENT & CEO,  
WEALTH PROTECTION STRATEGIES  
AAHOA PAST CHAIR**

As the Immediate Past Chair of AAHOA, Jagruti Panwala was the first chairwoman in the association's history. Born in Surat, India, Jagruti immigrated to the U.S. with her family in 1991. She graduated from college with degrees in finance and economics.

"I worked my way through college in the financial services industry," Jagruti said.

"During a meeting with a prospective client, I noticed that one of the independent hotels he owned and operated was underperforming. I saw an opportunity to invest in that property and make it profitable. I took the idea to my father, and we put together a plan and secured the loans to buy the property."

When she wasn't studying, Jagruti helped run the hotel. "With a lot of hard work, we made it profitable," she said. "It's immensely satisfying to see your hard work pay off."

In 1999, Jagruti founded Wealth Protection Strategies Inc., an investment management company specializing in succession planning. She and her husband, Ahmed, own multiple hotels throughout the Northeastern U.S.

In addition to her business successes, Jagruti is extremely proud of her work with AAHOA to empower women hoteliers. "Many first-generation hoteliers operated their properties as a wife-and-husband team," she explained. "AAHOA recognized that women wanted professional development and networking opportunities, and we worked to create those."

Today, the women hoteliers session at AAHOACON draws the largest crowd. "At our 2019 convention in San Diego, the session attracted over 1,000 women," she said. "Through our ambassadors, positions on the board, and committees, **AAHOA creates many avenues for women hoteliers to get involved in the association, expand their network, and make vital contributions to the direction of the association.**"



**DORRAINE  
LALLANI,  
DIRECTOR OF ASSET MANAGEMENT,  
WESTMONT  
HOSPITALITY GROUP**

After graduating with a bachelor's in business administration in May 1984, Dorraine Lallani took a job with Westmont Hospitality Group, where she continues to work today. "At the time, it was just the principals of the company, one other employee and me," she recalled.

In 2006, Dorraine left Westmont to join JLL in their Select Service group handling Investment Sales. In 2009, she returned to Westmont and took on the asset management of the company's large economy-branded portfolio. She also is a member of the Board of an economy brand that Westmont controls and has spent the past 11 years as the asset manager for Westmont's investment in that brand.

Dorraine ended up in the hospitality industry by accident. "When I graduated from college, I called a CPA I worked for in the summers, and she told me about the position with Westmont," she recalled. "I never dreamed I'd be here all these years later."

Mentoring is extremely important to Dorraine, and she considers the long-lasting relationships she has developed throughout her career one of her greatest achievements. "I'm proud of the women I have mentored and continue to mentor today," she said.

While she has seen some progress over the years, Dorraine said there is still an imbalance between men and women leaders in hospitality. "While we have come a long way, there is still a long way to go," she stresses. "When I first attended industry conferences, there were so few women. While the number of women has certainly increased over the years, there is still a lack of women in the most senior roles in our industry. **More often than I like, I still experience being the only woman in a meeting. It shouldn't be that way in any industry in this day and time.**"



# But Wait... There's More

## ALEXANDRA JARITZ, SVP OF BRAND MANAGEMENT, ASIA PACIFIC, HILTON

Alexandra Jaritz is focused on evolving Hilton's brands to offer superior value to owners and guests across the Asia-Pacific. Before her current role, Jaritz served as the global brand head of Tru by Hilton.

"Developing and launching the Tru by Hilton brand was one of the highlights of my career, and it is all because of the team," Alexandra recalled. "I always call it magic that our team could successfully create this brand from scratch and bring it to life in under two years."

Alexandra was born into the hospitality industry.

"It's 100% true when I say I've never known life outside of hotels and hospitality," she said. "It's part of my heritage and DNA."

Originally from Germany, Alexandra and her family moved from country to country managing different hotels.

"I had the wonderful opportunity to experience life in seven countries as I was growing up. I've always loved the buzz of hotels with team members and guests coming and going every day."

Since Alexandra earned a bachelor's in hotel administration from Cornell University, she said the industry has evolved to embrace more women leaders. "At Hilton, across the board, from middle management to executive level, we've seen an increase in the number of women leaders. As an industry, we are more conscious of ensuring there is diversity in our business."

She believes mentorship is another driving force behind the change. **"The reason there has been an increase in women leaders is the presence of visionary leaders – men and women – who have stepped in to provide mentorship to young women professionals,"** she said. "I speak from experience, having been fortunate to have had mentors at various levels. All across the world, we're seeing women finding their voices. It's a positive cycle: the more women leaders speak up, the more they empower others to do the same." ■



**AAHOA is fortunate to count a growing contingent of strong women among its membership, supporters and advocates. Here, just a handful of them offer some insight into what developments they've seen and what advice they'd offer to other women in this industry.**

"Women have always comprised a large portion of the travel workforce, but in recent years we've seen more and more women taking on important leadership roles – opportunities that weren't always widely available. From managing hotels to leading executive teams, it's encouraging to see so many qualified women at the helm of our industry."

*Tori Emerson Barnes, Executive Vice President of Public Affairs and Policy, U.S. Travel Association*

"While the industry as a whole is still deeply unbalanced, it's heartening to see a growing number of female leaders in hospitality. The more women that have a seat at the table, the more women they will be able to empower to achieve their career goals. Trust your inner voice! Once you learn to trust yourself, it becomes much easier to be relentless and persistent, championing your own results. Demonstrate eagerness and drive by being the first to raise your hand and use your voice, as perception truly is reality. Never underestimate yourself!"

*– Dee Patel, Managing Director, The Hermitage Hotel*

"As a wife and mother, dealing with ever-changing priorities, multi-tasking, problem-solving, nurturing, offering support and words of encouragement, and comforting others seem to be instinctive. These same instincts have served me well during my nearly 30-year career in the hospitality industry."

*– Lynn D. Minges, President & Chief Executive Officer, NC Restaurant & Lodging Association*

"Now is the time for innovation in the hospitality industry. Studies show that companies with female executive leadership excel in this and other key performance areas. It is imperative for women to lean in on redefining what the future of hospitality looks like."

*– Andrea Foster, SVP Development, Marcus Hotels & Resorts, and 2020-21 Chair, AHLA's ForWard*



FEATURE

# A culture of creativity

By managing diversity in hotel properties, experts see momentous opportunity to boost creativity and problem-solving

by TOM GRESHAM

**I**N THE GRAND SCOPE OF HISTORY, THE HOTEL INDUSTRY HAS COME A LONG WAY ON DIVERSITY, EQUITY, AND INCLUSION issues, but not nearly far enough, said Greg DeShields, Executive Director of Tourism Diversity Matters.

“It was only 60 years ago when you wouldn’t have Black customers in a luxury high-end hotel,” DeShields said bluntly.

One key area where progress has been slow to arrive is diversity among the senior hotel-leadership ranks. Career advancement for women and people of color too often stalls, DeShields and other experts say. But the current moment could represent a crucial flashpoint that leads to important gains in this area, helping the industry emerge into a new era of leadership that better reflects the makeup of the industry’s workforce. And a diverse workforce is often a creative workforce because team members have unique viewpoints and

backgrounds upon which to draw in solving day-to-day problems.

DeShields, a former manager in the hospitality industry who also serves as executive director of the PHLDiversity Multicultural Affairs Congress, said the Black Lives Matter movement and accompanying push to directly address systemic racism has led to a more effective conversation within the hotel industry about longstanding concerns. “We’ve certainly talked about diversity and inclusion, but it’s never been front and center in so many ways, especially as it relates to our industry,” DeShields said. Similarly, Peggy Berg, Founder and President of the Castell Project, said gender equality has taken a more prominent role in the conversation “as

the country continues to reckon with issues of equality.”

While leaders of color have helped make diversity a greater focus in the industry in recent years, the momentum has slowed because of the COVID-19 pandemic’s unprecedented disruption of the global economy and the lodging industry, said Mike Gamble, Founder of Tourism Diversity Matters and President and CEO of SearchWide Global.

“There is opportunity,” Gamble said. “As the hotel industry begins to recover, a substantial focus to advance diversity evenly throughout the hotel industry, involving leadership roles, must be a priority.”

Berg agreed. She noted that reports across industries indicate that the

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pandemic is setting women and minorities back in their careers, but “the pandemic is such a massive reset that it could result in dramatic gains for diversity and inclusion if companies make those policy and management choices as the industry begins this unprecedented ‘regrowth’ period.”

“This is a turning point, one way or the other,” said Berg, a 30-year veteran of the hospitality industry. “Diverse companies will be aligned with their markets and customers and will thrive.”

### THE LEADERSHIP PROBLEM

An unsuccessful track record for career growth and advancement for women and minorities lies at the heart of the industry’s issues. DeShields said you will hear people say, “Everyone has an equal opportunity to advance and grow in the hospitality industry,” but the truth isn’t so rosy.

“When you look at it through the lens of equity, you can see a lot of barriers and challenges around access,” DeShields said.

Berg said hotels have a majority-minority in line-level positions, both front and back of the house, but diversity diminishes as people attempt to advance in their careers.

“Particularly at higher levels in public-facing roles like director of sales and general manager and roles with [profit and loss] responsibility at the corporate level,” Berg said. “I believe there is an outdated and incorrect feeling that women and minorities will not be accepted in leadership roles by employees or clients. Each of us must get past this for ourselves and for our hotels.”

Lynette Montoya, CEO of the Latino Hotel Association, agreed.

“We see great diversity on the line level, where women often dominate in this area, then the diversity diminishes,” Montoya said. “The path to leadership is not proportional to the base of the staff.”

Gamble said the hotel industry so far lacks commitment and a deliberate strategy to leadership diversity. The industry simply hasn’t stressed the importance of inspiring and aiding entry-level workers to climb the ranks. DeShields said hotel leaders need to help entry-level employees envision paths to promotion and then show them how to take the steps that will propel them forward.

“It certainly hasn’t been emphasized and focused so far,” DeShields said.

### TAKING ADVANTAGE OF OPPORTUNITIES

DeShields said the presence of a diverse workforce gives hotel owners inherent opportunity to bolster diversity in their leadership ranks.

“One of the things that is a strength of our industry is that it does represent such a wide-ranging display of diversity by the nature of our business and our staff,” DeShields said.

Not all industries can make that claim.

“A lot of industries will say that they’d love to be diverse, but they just can’t find enough representation in their industry,” DeShields said. “We don’t have to look far.”

In addition, Montoya said she sees genuine momentum toward improvement.

“I do believe there is a great desire from many industry leaders to see a shift in

more diverse scenarios on all levels,” Montoya said. “On the other hand, it often remains a network that is difficult to join.”

Also among the industry’s strengths, Berg said, is that it has “remarkable goodwill toward women.”

“It’s taking a while for performance to match intention, but the industry has been moving toward women in leadership for a long time,” Berg said. “Interestingly, companies that took the lead, like Marriott, Hilton, RLJ, and HVMG, tend to be among the industry’s strongest performers.”

### IMPORTANCE

The business value of diversity, equity, and inclusion touches not only on the workforce but the guest experience.

“Can you get the best customer service from employees who do not believe the company will treat them equitably?” Berg said. “Can you hire the best talent if potential employees do not believe your company offers them equitable career advancement? Will your remarkably diverse guests get the best service from employees who do not feel the company respects women or people of different races?”

DeShields said customers put pressure on hotels “to get it right.”

“There is an expectation of diverse customers to see diverse staff, not just folks who are opening the door and cleaning the room, but if I am booking an African-American fraternal organization ... I should see people of color who are also negotiating the contract, who have significant leadership roles in the hotel to ensure customer

service and to provide what is really an authentic experience,” DeShields said.

Diverse leaders also attract a diverse and talented workforce, and Gamble notes that younger workers are drawn to employers with a social conscience “who strive to make the world a better place.”

Montoya said a diverse leadership team pays off. “On the leadership side, diverse management enhances team engagement, growth, and advancement while creating loyalty and upward mobility,” Montoya said.

### KEY STEPS FORWARD

Montoya said diversity, equity, and inclusion must be woven into the fabric of an organization, including in areas such as recruitment, retention, mentoring, training, leadership, and board representation. Adjustments “should be continuously institutionalized and measured to make a difference,” she said.

Gamble said hotels should emphasize accountability and defined communicated strategic priorities. Gamble said ethnically

diverse apprenticeship programs, such as one that Tourism Diversity Matters offers, can play an integral role in career development efforts.

“Career planning and mentoring are critically important to retain top employees,” Gamble said.

And career planning and mentoring efforts can’t overlook those in roles that have been traditionally passed by, DeShields said. For example, DeShields noted, it’s laudable to celebrate the contributions of a housekeeper who has worked with a company for 20 years, but it’s important to evaluate if that worker ever had the help to seek out new challenges and possibilities for promotions, and to ensure future housekeepers have those opportunities. He said the industry must contend with questions such as “How does a housekeeper become a general manager, and is there a true commitment to see that person advance?”

Although there hasn’t been widespread progress yet, DeShields said individual hospitality and hotel brands have excelled at strategizing the growth and evolution of entry-level workers, offering promising signs of opportunities for improvement throughout the industry.

More diverse leadership also includes more diversity in ownership, but Montoya said minorities who are prospective owners currently face steep challenges to raise capital. In addition, Gamble said the lack of diversity on boards for hotel companies contributes to a lack of commitment and follow-through on diversity issues.

DeShields said departments within companies and companies within the industry can learn from each other, borrowing strategies and practices that prove effective in improving diverse representation in leadership roles. Ultimately, he said, the industry has an opportunity to make great strides, provided it maintains focus and commitment on the issue.

“We have all of the fundamental components that should drive us to make it a priority,” DeShields said. “It’s about holding ourselves accountable. This is something that we have to continuously and fundamentally improve and enhance. We have to continuously challenge ourselves to get it right.”

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### **ADVOCACY**

AAHOA advocates on behalf of hoteliers at the federal, state, and local levels, and represents the voice of franchisees with their brands. Thanks to AAHOA's efforts, hotelier-specific language was incorporated into economic stimulus legislation, including the Paycheck Protection Program.



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With exclusive discounts from AAHOA's Vendor Partners, industry resources, exclusive partnerships, and more, AAHOA is able to provide the critical information and resources hoteliers need to protect your investments.

**S**HE HAS A DEAL (SHaD) WAS FOUNDED TO CREATE PATHWAYS TO HOTEL OWNERSHIP AND DEVELOPMENT for women through education, networking, and mentorship. SHaD's signature program is a hotel investment pitch competition for early career women, held for the first time in October 2020.

The first event was not without its challenges. Originally scheduled to take place in April, Founder Tracy Prigmore and her volunteer board, referred to as the SHaD Squad, created a hybrid event that put safety at the forefront.

"Hilton and Marriott are our founding sponsors," Prigmore said. "We used Hilton's Innovation Gallery at the Hilton McLean to produce a livestreamed final event. Our five finalist teams pitched their deals to a panel of five judges, and the event was broadcast to an audience of around 1,000 viewers."

"While we initially considered the livestream a temporary solution in response to the pandemic," Prigmore continued, "it was so effective that we will incorporate it into the program moving forward."

Pitching teams participated in a multi-module education series that walked them through the process of sourcing, evaluating, financing, and pitching a hotel investment deal. SHaD provided a financial model to assist the competitors in their search for the best hotel deal. And it's not just a deal on paper; the pitching teams found, evaluated, and proposed real hotel deals, with the chance to win \$50,000 in deal equity.

#### HANDING OUT HARDWARE

Three prizes were awarded. The Viewers' Choice award, voted on by the livestream audience, was given to Fernweh Partners, comprising Meaghan Carfrey, Nikki Gonzales, and Viviana Wilkins from San Diego State University. Fernweh Partners also received second place from the judges, with a cash award of \$5,000 for the team.

The grand prize-winning team was Datcher, made up of Joanne Angbazo, Kristen Collins, and Lera Covington. Named for Jane Eleanor Datcher, the first Black woman to graduate from Cornell University in 1890, the three team members completed their graduate studies at the Baker Program in Real Estate at Cornell University.

Datcher was awarded \$50,000 in deal equity, which makes them hotel owners. They pitched an 80-room adaptive reuse project in Detroit, MI. The boutique hotel would be built

# Leveling the playing field

A look at one firm's attempts to increase the number of women-owned hotels through education, training, and funding

by SUSAN BARRY

from an old bank building, with health and wellness services offered inside the bank’s vaults.

It was a long road and required some flexibility along the way.

“As we evaluated the deal we had put together pre-pandemic to determine if it made sense post-pandemic, it came down to our confidence in the market. Because we had done a tremendous amount of research and legwork, we felt certain that our project could weather this storm,” Collins said. “You have to be forward-thinking. As scary as it has been, COVID-19 is not going to last forever. If the fundamentals are there, they are likely there with or without COVID-19. It may just take longer, and you have to prepare for that.”

Covington contracted COVID-19 right before the pitch was due but soldiered on. She said, “I couldn’t let my teammates down. It was very vindicating that we won after all we had to go through to get there. Because we started this deal pre-pandemic and had to pitch in the finals during COVID-19, we really got the experience of leading in a crisis, being resilient, and critically thinking about how we could reposition the project. That’s something you really don’t get from an assignment in school.”

Angbazo added, “This experience closed the gap between academic training and practical training. Doing legwork like calling brokers about different deals was instructive. Speaking to real professionals was definitely beneficial. Once I realized that we were expected to actually call brokers and sellers, I asked my mentor for deal referrals. What I’ve learned is how personal real estate transactions are. Transactions happen between friends, and it’s really about relationships. I didn’t just email the seller of the deals we were looking at; we researched them, talked to them multiple times, and asked many, many questions.”

### WHERE ARE THEY NOW?

In addition to trying to secure the property, the team continues to work through aspects of the deal they pitched: identifying architects, lenders, and other professionals to help with the project.

Angbazo, an Asset Management Analyst at BentallGreenOak, said, “I appreciate AAHOA’s sponsorship, and I hope She Has a Deal shows how capable early-career women are. I hope it leads to greater and more dynamic programs and investments in the future.”

And AAHOA further supported the event by awarding the winning team an invite to AAHOACON21.

“There are early-career women who are really interested in becoming hotel owners. These types of programs

are essential for helping us make the connections and relationships we need to be successful,” said Collins, Strategy Consultant at CBRE and owner of home décor business Abode Impressions.

“We really want to drive home that the competition provides something that we couldn’t get from an academic program,” Covington said. “Not only did it give us the practical, hands-on experience of sourcing and underwriting a deal, but it also exposed us to so many people in the hotel industry. Hopefully down the line, these relationships will turn into transactions and business. That exposure was so valuable.”

Covington will graduate with dual master’s degrees in real estate and regional planning in May 2021. She is seeking a position in real estate acquisitions and investments.

The 2021 SHaD pitching season is well underway, with preliminary pitches taking place in May 2021, and the finals scheduled for June 5. As it was last year, this year’s finals event will also be livestreamed on the SHaD website.

SHaD also offers educational opportunities for aspiring hotel investors, and the organization has launched an investment fund to support women-led hotel-development projects.

“We believe that She Has a Deal is so much more than a pitch competition,” Prigmore said. “I want to make hotel ownership accessible to people who have traditionally been shut out, and I believe our educational offerings and investment opportunities do just that.” ■

For more information about She Has a Deal or to purchase tickets to the celebratory luncheon, please visit [www.shehasadeal.com](http://www.shehasadeal.com).



SHaD Winners L to R: Lera Covington, Kristen Collins, Joanne Angbazo

# Protecting your brand with *diversity* & INCLUSION

How understanding, identifying, and addressing unconscious bias in the hotel industry can improve the customer experience

By NEHA GUPTA

**A**FTER A RACIALLY, POLITICALLY, and economically tense 2020, the last thing hotel brands, and the entire hospitality industry, can afford is endorsing bias.

If there's a perception that your hotel or its franchise discriminates against a certain demographic, you'll not only lose business, you will permanently damage your reputation.

Generally, hotels try to deliver excellence to every guest and may think they are, in turn, bias-free. In reality, many of the employees may harbor bias and openly display that bias without even realizing it. This is unconscious bias; and understanding why it exists and what to do about it is important in protecting your operations, brand, guests, and employees.

While unconscious bias is something to which we are all susceptible, the good news is that it can be overcome with awareness and training, allowing hotels to build a better workplace culture while improving the guest experience.

## **UNCONSCIOUS BIAS IS HUMAN NATURE**

Unconscious bias, also known as implicit bias, is a default byproduct of how our brains are wired to a certain extent. We experience things and automatically incorporate those experiences into our memory for future use so our brain can make decisions faster. Unconscious bias, which once served us as a survival mechanism, can now stand in our way of supporting equity, diversity, and inclusion in the environments around us.

For example, if you were bitten by a dog at some point in your life, you may instinctively tense up if you see a dog on the street or in a friend's home. It doesn't mean the dog will hurt you, but your brain has developed an unconscious bias that tells you to be wary of dogs, regardless of whether they pose any real danger to you.

Research has shown that when someone's environment is highly insular, a narrow view may emerge that can manifest itself within that person's biases. This is not limited to any country, ethnicity, or profession; it is simply a part of human existence and is not deliberate and often not from a place of poor judgment or immorality.

For example, tall people are generally seen as more effective leaders than their shorter counterparts, even though height has nothing to do with whether someone will make a good executive. This is backed up by numerous studies, including a survey showing that 58% of the CEOs at Fortune 500 companies were 6 feet or taller, compared to just 14.5% of men in the U.S. population.

Women may be viewed as better housekeepers; men might be perceived as better at handling finances. The group of friends who arrive at your hotel on Harley-Davidson motorcycles could concern you because you fear they might tear the place apart; in reality, they could turn out to be model guests.

If we all have unconscious biases, why are some bad? Individually, these biases and many, many others can be difficult to overcome. Organizationally, the effect of negative unconscious bias multiplies and, inevitably, influences how guests are treated. That's when the private organizational gap becomes a public scandal.

### **THE RISK OF UNCHECKED UNCONSCIOUS BIAS**

I have personally encountered unconscious bias in the hospitality industry. While visiting another country, a friend and I went to a highly regarded restaurant that I'd heard about. It was one of those days when I was tired, so my hair was bundled up and a little messy. I didn't look like my usual self.

When I asked if seating was available, the front staff gave me a weird look and then seated us near the kitchen. I asked for a table in the nicer part of the restaurant, but the staff said it wasn't possible



# THE ARNE M. SORENSON HOSPITALITY FUND

Building the next generation of hospitality industry leaders

## MAKE A CONTRIBUTION TO THE ARNE M. SORENSON HOSPITALITY FUND

Learn more by visiting [giving.howard.edu/sorensonfund](http://giving.howard.edu/sorensonfund). For those interested in larger gifts or being involved on the Council, which will help shape the Center's curriculum, contact Dawn Ridley at Howard University (202-238-2358 or [dawn.ridley@howard.edu](mailto:dawn.ridley@howard.edu)).

## HONORING THE LEGACY OF ARNE SORENSON

The Arne M. Sorenson Hospitality Fund honors the legacy of the late President and CEO of Marriott International by helping Howard University build the next generation of hospitality industry leaders. The fund, established by Marriott International, will support the programmatic and career development elements of the Marriott-Sorenson Center for Hospitality Leadership, which will be housed within the Howard University School of Business.

The Center is being created by a generous gift from The J. Willard and Alice S. Marriott Foundation. Marriott has pledged the first donation of one million dollars to the fund and is inviting other companies, organizations, and individuals – from all industries – to support this effort.

## A VISION THAT TRANSFORMED THE BUSINESS OF TRAVEL

Arne Sorenson built his tenure on the bedrock of Marriott International's core values: putting people first, pursuing excellence, acting with integrity, embracing change, and serving our world. An outspoken corporate leader, Arne advocated for human rights, environmental sustainability, and diversity, equity, and inclusion. Under his leadership, Marriott grew its long-standing and recognized commitment to welcoming all and ensuring inclusive opportunity. Arne believed in the importance of education and opportunity and how the intersection of the two is what will power more diverse hospitality leadership in the future for the industry he loved.

# Overcoming Unconscious Bias

even though the restaurant was mostly empty. It took me a few seconds to realize that they didn't think I belonged at the restaurant based on how I looked. I started speaking in an American accent, using big words, and offered to pay for a nicer table. Their demeanor changed immediately.

After leaving, I left an online review encouraging patrons to stay away from a place that doesn't know how to treat every customer as someone who deserves respect and a great experience.

I'm just one person, but in today's cultural environment, the poor experiences of many individuals add up quickly, especially in the hospitality industry. A Harvard study from the previous decade found that 70.3% of foodservice employees exhibit unconscious racial bias. Hotels are at just as much risk as restaurants, maybe more so, because guests are spending more than a couple of hours at your business and are relying on you to keep them safe and comfortable.

Modern consumers, especially millennials and Generation Z, are more socially conscious and demand that the brands they support be socially conscious as well. Inclusion is no longer optional: It's a right and an obligation up to which all businesses must live.

Brand and experience are everything to a hotel. Before you can impress guests with amenities, service, and value, you need to get them in the door, make them comfortable, and then impress them enough to bring them back and tell others to visit. Your hotel's operation must protect that brand. This includes creating experiences in which you acknowledge the diversity of your employees and your customers while making guests feel at home. In the process, you'll make your hotel a better place to work, as well as a better place to visit. ■

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*True Office Learning CEO Neha Gupta is responsible for the company's product and technology vision, strategy, and growth. Neha previously served as Senior Director of Learning Solutions and Strategic Initiatives at New York Stock Exchange Governance Services and as Citigroup's Chief of Staff for the Institutional Clients Group Technology organization. She is an avid traveler and strong advocate of supporting the hospitality industry around the globe.*

Hotels employ a vast spectrum of workers with varied life experiences, just like most other organizations. Implicit biases aren't as easily identifiable as, say, blatantly intolerant attitudes. In other words, you can't avoid employing plenty of outstanding, fundamentally decent people who might have a few unconscious biases that are incompatible with your business goals.

Therefore, change needs to also come at a higher level, with your executives, your managers, your branding, and your operations. The example you set and the actions you take can derail many unconscious biases before they turn into problems. Here are five steps to consider:

## 1 BE HONEST

Hotels looking to reduce bias and become more inclusive must be willing to engage in difficult conversations. Are you ostracizing certain demographics when it comes to your properties? What biases are prevalent in your leaders' hiring practices? Are women employees being promoted as often as men? Do employees judge the role of another employee at the hotel based on their ethnicity or gender? Some hard truths may arise from your discussions, but without them, you'll struggle to discover which biases are continually hurting employees, guests, and, ultimately, the business.

## 2 PROVIDE EMPLOYEE TRAINING

You'll never eliminate unconscious bias, but you can train employees on how to better give others a fresh chance to get to know somebody before making a decision about them. The best training strategies are experiential, immersing employees in real-life scenarios in which they recognize how to act, as well as how it feels to walk a mile in guests' shoes. Often, that cognition is enough to improve diversity and inclusion as employees interact with guests and each other.

## 3 OFFER LEADERSHIP TRAINING

Executives and managers benefit from experiential training, but they also need something more to ensure that the operational culture is diverse, equitable, and inclusive. If hiring and employee development are hampered by unconscious bias, the hotel won't run as efficiently or attract top talent. Eventually, that dissatisfaction will trickle down to the guest experience. Alternately, when leadership sets an example of inclusion, rank-and-file employees will follow; again, this will affect the guest experience in a positive manner.

## 4 CREATE SAFETY

In many industries, unconscious bias festers because employees are too afraid to speak up when they witness behavior and attitudes that hurt the brand. Hotels are no exception to this problem, and given the transient nature of some hospitality roles, employees won't risk losing their jobs to report an incident, even if there is no risk. Therefore, create safe, even anonymous, mechanisms for workers to raise concerns when they see bias, same as other harassment or fraud violations. And if they've been trained well, they'll better recognize bias when it happens.

## 5 FOLLOW THE DATA

The right bias training doesn't just train; it reveals what employees know, what they're learning, and what they're struggling to learn. A technology-enabled approach will give you data from which you can establish a behavioral baseline that will help guide strategy, identify areas of concern, and take steps toward fixing those problems.

# A meeting of the

Insights from several longtime hoteliers on where the industry has been this past year and where it's headed

by CARTER DAVIS

**W**HEN AAHOA HELD ITS first *Today's Hotelier* Roundtable in 2018, the world was a much different place. As anyone who hasn't been living on Mars for the past year will certainly attest, hotels have struggled mightily during the past 12 months as non-essential travel ground to a halt and occupancy rates plummeted due to the pandemic.

Now, nearly three years after that initial gathering, AAHOA reconvened this same group for a renewed conversation about labor in the hospitality industry in a changed landscape.

The conversation was moderated by AAHOA President & CEO Cecil P. Staton, and while signs are pointing to recovery beginning in some sectors already, the road ahead is long.

Perhaps not surprisingly to anyone who has worked in this industry for any amount of time, a common thread throughout the 2021 installment of this gathering was one of optimism, as the participants almost universally identified silver linings in an otherwise terribly difficult year. While most properties were forced to furlough or lay off employees at some point, doing so allowed the management teams to identify cross-training opportunities for returning employees to continue to meet guests' expectations while having fewer resources to do so.

Panelists also said the downturn forced them to do a better job of communicating with their employees throughout the process.

"We created a rubric for our general managers to use when reaching out to furloughed staffers and educate [those



Azim Saju, President & CEO, HDG Hotels



Heetesh Patel, President, Neves Investments

staffers] on where we are as an industry," said Ricky Raman, COO, PeachState Hospitality. "We learned in the financial crisis of '09 that overcommunicating is exactly what the industry needs. We took the approach of letting [our employees] know that recovery is within sight. It's a function of time."

That information-sharing approach, Raman said, enabled those furloughed employees to better understand the timeline and the decisions made by ownership, which, in turn, primed those employees for an eventual return to work.

"This is an opportunity for leaders to step up and lead," said Dinesh (Dan) Rama, Principal and Managing Partner, NewGen Worldwide. "It will require more effort than ever before. At the same time, we have to embrace technology and understand what our customers want."

## NEW POLICIES AND PROCEDURES

Panelists discussed a still-tight labor market, which has pushed properties to focus on intangibles like benefits and company

culture to attract and retain the best employees.

"How do we make people want to come to work?" asked Azim Saju, President and CEO, HDG Hotels. "How do we improve benefits packages and create a career path? The concerns from 2018 are even more relevant now and will become more so as we get into the recovery."

And when those employees did return to work, they found new procedures in place, but the best-prepared management teams were ready with training plans in place for new procedures like contactless check-in and expanded sanitization procedures. For those furloughed early in the pandemic, the workplace was a very different place once they returned.

However, there was some caution offered against throwing everything at the wall – new technologies, procedures, etc. – just to see what sticks.

"My fear is one of overcorrection where the cost-benefit isn't looked at in total," Saju said. "Once we're through this, we may have some permanent costs

# mind



Jyoti Sarolia, Principal, Ellis Hospitality LLC



Dinesh (Dan) Rama, Principal & Managing Partner, NewGen Advisory



Ricky Raman, COO, PeachState Hospitality



Cecil P. Staton, AAHOA President & CEO



Biran Patel, AAHOA Chairman

imposed on us that we don't necessarily need."

## THE POWER OF POSITIVE THINKING

Before wrapping up, and after talking through the strides AAHOA has made in helping pass industry-friendly legislation, the panelists all took an opportunity to talk about how they've all seen this industry bounce back before and are glad to have a front-row seat for the 2021 edition.

"When there is a storm, people will come together," said Heetesh Patel, President, Neves Investments. "We're still here; we still have jobs; we have accomplished a lot. Take it one day at a time. All of us have dealt with a personal issue in the last 12

months that you couldn't have predicted. It has been helpful knowing we will find a solution. The power of positive thinking is amazing."

Offering her own sage advice, Jyoti Sarolia, Principal, Ellis Hospitality, continued, "Be positive and proactive. If you have teams that look up to you, you have to be positive in this environment, no matter how tough it gets. Find avenues

to support them in any aspect. I've never seen an industry come together like we did in 2020, and we need to continue doing that."

And with the final word, AAHOA Chairman Biran Patel said, "The commonality among us is resiliency. No matter how many curveballs have been thrown at us, no matter what happens, we stick together. We will get out of this together." ■

# There is strength in numbers

Taking a closer look at a new AAHOA-myDigitalOffice venture designed to help hoteliers navigate a tricky downturn

by ALI MOLOO

**I**N THE FIRST HALF OF 2020, OUR industry was forced to quickly shut down like we've never done before. It was almost as if we were frozen in time. In some ways, we still are, and the question seemingly on everyone's mind was "What's next?" The effects of the pandemic aptly disrupted any predictions or forecasts that hoteliers were tracking toward and the entire industry was left in a precarious position. As travelers around the world abided by the various shelter-in-place and stay-at-home orders, the travel industry came to a collective standstill. Now, as we enter 2021 with a glimmer of hope for the future, the same question remains: What's next?

For most of 2020, hotels and airports were uncharacteristically quiet, and so was the data available to hoteliers. Year-over-year stats and forecasts were rendered useless, because how do you compare or predict something that is completely uncharted? Today, although things are beginning to look up, hoteliers are wondering many of the same questions, but by using the MAPP (Market Analytics, Pace, and Performance) report, it's hoped they can find a few answers. If there is one thing we know about the hospitality industry, it's that we are a resilient

bunch, and we will get through this together.

## THE ORIGIN STORY

So, how did we get here? How did the MAPP report come to be?

During those early weeks of the downturn, none of us had any idea how all of this was going to turn out. No one knew what was coming down the road and when it would arrive. For most hotels around the world, there wasn't a way to see into the future and keep a finger on the pulse of how to best plan for the road ahead. Yet, that was exactly what our customers told us that they needed most, especially throughout this pandemic. So, our team at myDigitalOffice decided that we needed to help our industry in any way we could. The team decided the best thing to do during these challenging times was to simply help, not profit. We turned our sights to developing a product that would give hoteliers a glimpse into the future as future demand was picking up in real time, the missing piece of the puzzle for many hotel portfolios. Our integrations and data already feeding into our solutions allowed us access to this future-business-on-the-books data, and ultimately, we turned this

data into a dashboard for hoteliers to use as needed to look at pickup for their hotels and respective markets.

### PLAN, MEET ACTION

The idea behind the tool was to provide daily insights into forward-looking business-on-the-books data in various markets. It's a simple and powerful idea but not an easy task, right? I mean, surely there's a reason why the majority of hotels don't have something like this already, right? We'd have to be crazy to try and take this on, right?

These are questions we repeatedly asked ourselves. And, given the total decimation of capital and people resources that hotels were experiencing, we knew this would not only have to work, but it must be easy to implement, and even easier to use or it would fail from the start. And again, the idea wasn't to profit from this but rather to help our customers and our industry get through this storm together. So, we committed to developing a product that would be offered to the industry totally free of charge.

With that, the MAPP tool was born. Obviously a play on words (in hindsight, a rather cheesy one), the MAPP tool is intended to be a guide that helps you navigate uncharted territory by, again, enabling you to visualize actual demand in real time as it's picking up in your market. It's like driving while looking through the windshield instead of the rearview mirror. Again, it's a simple but very powerful concept that supports our mission to empower hoteliers to make stronger, forward-looking business decisions using real-time, forward-looking data.

As we turn our sights to the future, we hope myDigitalOffice can continue

to provide trusted, innovative, and important insights to our industry.

*Ali Moloo is the founder & CEO of myDigitalOffice, an end-to-end information management platform for sourcing, processing, and storing hospitality data in the cloud. MDO's SaaS solutions help hotel owners, operators, franchisees, and hospitality REITs automate the hotel back office and manage property portfolio performance to a tee. The visibility, connectivity, and control delivered by our award-winning cloud-based dashboards, document management software, and integrated data feeds allow teams to reach greater levels of productivity, ensure regulatory compliance, and reduce environmental impact while optimizing profitability. Learn more at [mydigitaloffice.com](http://mydigitaloffice.com).*

**To learn more about AAHOA's partnership with myDigitalOffice, visit [bit.ly/MAPPBrochure](http://bit.ly/MAPPBrochure).**



## AAHOA Members Helping AAHOA Members

**AAHOA, in partnership with myDigitalOffice, launches a new, free data analytics tool.**

We know hoteliers need critical data now. This Market Analytics, Pace & Performance (MAPP) tool, developed by myDigitalOffice, helps users make strategic, data-backed business decisions for economic recovery. It's based on the crowdsourcing of anonymized hotel data, so the greater the number of users, the more robust and useful the data becomes. This resource provides real-time insight into revenues, forward-looking indicators, and market potential for recovery. Learn more at [AAHOA.com/mapp](http://AAHOA.com/mapp).



# Is CMBS back?

by RUSHI SHAH

**C**OMMERCIAL MORTGAGE Backed Securities (CMBS) have been the backbone of the commercial real estate finance industry for the better part of the past 30 years. Even those who refer to CMBS loans as “golden handcuffs” recognize the critical liquidity they bring to the commercial real estate markets. While there may be other options available that some would say outrank CMBS in certain areas, there are also no free lunches. For example, a loan through life insurance companies or large balance sheet lender may appear more appealing for a borrower when it comes to servicing. If a hotel owner needs a high-leverage loan on a hotel property, however, they must look elsewhere, as it is prohibited for most of those providers.

“

Because of the forward-looking nature of capital markets, combined with the positive vaccine news, there is now a widespread expectation that hotels will make a comeback.”

In recent years, life insurance companies writing loans out of their own origination capital buckets have quickly learned that the most efficient way to be exposed to commercial real estate risk in their general accounts – the account from which investments are made from the received monthly premiums and from which all claims are written – is by actually investing in the primary markets via buying CMBS bond. These primary markets are also known as the new issue of CMBS bonds. Insurance companies use this investment mechanism to avoid overhead and save on the servicing and originations costs of running their

own lending operation. Having a permanent supply of this type of capital has made the CMBS market highly resilient in more recent years, with annual volume for CMBS loans originated hovering between \$60 billion and \$100 billion. And 2020 origination volume fell on the lower end of this spectrum; for a short period, the CMBS market was completely stalled. Faced with the uncertainty of how long the pandemic would affect hotel demand, CMBS lenders adopted a wait-and-see approach for hotel financing.

## THINKING AHEAD

Because of the forward-looking nature of capital markets, combined with the positive vaccine news, there is now a widespread expectation that hotels will make a comeback. The hopeful outlook for CMBS is evident in the risk-on appetite shown by the CMBS aggregators and the B-piece buyers. In the first quarter of 2021, lenders got back in the game and started to review new CMBS loan requests for both acquisitions and refinances. Many have even allowed modest cash outs at 60% to 65% loan-to-values. Rating agencies have also issued new guidance for underwriting CMBS hotel loans that use 2019 revenues for the property and its comp set revenues as starting points. On the expense ratio side, their guidance suggests comparing 2019 and 2020 metrics and using the worst of the two years to devise under-writable net operating income. For the most part, lenders aren't looking at 2020 cashflow, unless it outperformed 2019 cashflow, which is a rare circumstance.

This newer approach for underwriting a non-recourse CMBS hotel loan is rekindling market participants' expectations that CMBS



loans are on their way back. Developers and owners are already starting to take advantage of this renewed optimism for CMBS loans and reviewing their portfolios for opportunities to recapitalize recourse debt into non-recourse CMBS debt. Many owners with 1031 exchanges who previously asked for extensions due to the pandemic are also now reentering the market to acquire assets using CMBS loans at prudent leverage. The outlook for CMBS financing for hotels is hopeful, but of course lenders approach different deals differently. While there are fewer lenders offering non-recourse CMBS options than pre-pandemic, we are seeing an uptick of active lenders for bridge financing. The best way to inventory all of your available options and take advantage of improving market conditions is to get in touch with your trusted advisory with deep relationships in the market who can intermediate the best possible debt solution for your portfolio. ■



*Rushi Shah is principal and CEO of the commercial mortgage and real estate investment banking firm and AAHOA Allied Member Mag Mile Capital. As a leader in*

*hospitality financing, Shah specializes in structuring and placing high-leverage, non-recourse bridge and permanent debt with cash out for full – and limited-service hotels nationwide. Since joining the firm’s predecessor, Aries Capital, in 2015, Shah has structured and closed hundreds of millions in financing for all property types. Shah has held previous positions at Northern Trust and has an MBA from the University of Chicago’s Booth School of Business.*

# Buyer (and seller)

# BEWARE

The importance of representations and warranties in hotel purchase and sale agreements

by ERIC TUCKER

**T**HE DECISION TO PURCHASE OR SELL A hotel property is not one that is taken lightly; once made, it often involves substantial negotiation between the parties as to the key business terms. However, once the business terms have been agreed upon and the deal moves to the purchase and sale agreement (PSA) stage, many principals do not spend the same time and effort negotiating the representations (or “reps”) and warranties contained in the PSA, and they do so at their own peril.

Why is overlooking the representations and warranties so risky? Currently, almost every hotel sale is made on an “as is, where is” basis, and most PSAs will contain some version of a disclaimer and release that effectively provides that the seller is only liable for a breach of the express reps and warranties contained in the PSA. So, in the event of a dispute between the buyer and seller after closing, the reps and warranties contained in the PSA will become the universe in which the dispute is decided. Through that prism, the reps and warranties in the PSA are actually one of the most important set of provisions as they dictate the rights and obligations of the parties after the transaction closes.

Buyers should focus on operational representations regarding the hotel like: (1) the state of repair of the guest rooms and FF&E, (2) all current repairs to the hotel were fully paid, (3) all financial documentation provided by the seller during due

diligence is true and correct, and (4) Seller compliance with all applicable laws and regulations in the operation of the hotel. Conversely, a seller should focus on limiting the scope of the reps and warranties as much as possible. Consider making a statement that the seller has not received written legal violation notices as opposed to providing a blanket representation that the seller has complied with applicable laws. Sellers also typically seek to insert knowledge qualifiers as a means of mitigating their liability for certain representations, meaning sellers only represent what is actually known, and responsibility for that knowledge is attributed to a single named individual in the PSA. A properly negotiated PSA will reflect a compromise between these two competing perspectives on the scope of the reps and warranties.

**PROPER PERSPECTIVES**

Understanding that these competing perspectives exist is very important for a prospective buyer or seller of a hotel property because only one party will control the initial draft of the PSA. If you are the party receiving the draft PSA, care should be taken to closely review the reps and warranties to ensure they are even-handed and represent a fair allocation of risk between the parties. Hotel Sellers should also fully review the reps and warranties made in the PSA with their counsel to be sure that there are no exceptions to a given representation that your counsel should expressly include in the PSA, e.g. a known environmental condition.

The other important component with regards to reps and warranties in a hotel PSA is the period of time the reps and warranties survive closing. A seller's preference will be for the reps and warranties to expire on the closing date, while a buyer's preference is for the reps and warranties to survive until the expiration of any applicable statute of limitations. A typical hotel PSA compromises on the survival of the reps and warranties beyond closing for a limited and well-defined time period. From the buyer's perspective, the survival period needs to be long enough for the buyer to operate the property to determine if any of the reps and warranties were inaccurate. Conversely, the seller will prefer as short a survival period as possible after closing to limit the amount of time its exposed to liability to the buyer for representation and warranty claims under the PSA. Therefore, the survival period issue should not be overlooked, as ignoring this component could effectively undermine

a party's efforts to negotiate mutually acceptable reps and warranties if they do not survive closing (if you are the buyer) or survive closing for an unreasonably long period of time (if you are the seller).

**POINTS OF NOTE**

The last elements in the hotel PSA related to reps and warranties that the parties should be prepared to address are a negotiated minimum claim threshold and a maximum cap on the seller's liability for breaches of the reps and warranties. This type of provision is now routinely required by sellers when their reps and warranties survive the closing. The threshold is an aggregated dollar amount the buyer's claims must exceed before they can advance a claim against the seller; think of this analogous to a deductible in an insurance policy. The cap is a straightforward limit on the aggregate amount of all possible claims against the seller for breaches of the representations and warranties in the PSA. While these provisions are clearly not preferred by buyers, they have become relatively common in recent years, and including such a provision provides a quid pro quo for the seller to agree to a survival period for the reps and warranties. The exact amounts for both the threshold and the cap need to be negotiated on a case by case basis, taking into account: (1) the total purchase price for the hotel, (2) the scope of the final reps and warranties (and the seller's corresponding exposure) negotiated by the parties, and (3) any history of issues with the hotel business or the underlying real estate.

In summary, principals buying or selling hotel properties should focus as much time and effort on finalizing the representation and warranty provisions of the PSA as they do on negotiating the primary business terms. In the event of a post-closing dispute between the parties the reps and warranties will be the key provisions in the PSA that influence the outcome. Ultimately, entering into a PSA after ignoring the representations and warranties is a major risk. ■

“In the event of a dispute between the buyer and seller after closing, the reps and warranties contained in the PSA will become the universe in which the dispute is decided.”



*Eric Tucker has more than 15 years' experience representing hotel developers and operators in all types of hospitality transactions. He can be reached at [etucker@offitkurman.com](mailto:etucker@offitkurman.com) and [www.offitkurman.com/attorney/eric-tucker](http://www.offitkurman.com/attorney/eric-tucker).*

# Transfers of franchise agreements

Hot points and key issues

by ROBERT BRAUN

**M**OST HOTEL OWNERS ARE franchisees; they enter into an agreement with a brand to operate a franchise under a specific flag and agree to follow all requirements the brand imposes on the owner. Brands characterize their franchise agreements as personal to the franchisee (not the property). The brand grants the franchise to a specific person or entity in reliance on the individual franchisee, and the franchise agreement is transferable only in limited situations such as to family members, or where minority, passive owners are added. But a sale of the hotel, or the transfer of control of the franchisee, without the approval of the franchisor will almost always be grounds for termination of the franchise agreement and payment of liquidated damages, which can exceed five years of royalty fees and marketing fees, repayment of key money, and other costs.

Since most franchisees have an investment horizon that contemplates the sale of the property long before the end of the franchise term (typically 20 years and often longer), selling a franchised property raises key issues that owners need to consider, both when they enter into the franchise and when they contemplate a sale.

## KEEP THE FRANCHISE OR TERMINATE?

One threshold issue is whether a buyer will want to keep the franchise or change the flag. There can be a variety of reasons to change the flag. A buyer may have a relationship with a different brand, the flag may not be performing adequately,

it may impose costs that the prospective owner does not want to bear, and so on. It is sometimes (rarely) possible to negotiate a termination on sale provision in a franchise agreement, but if that doesn't exist, sellers and buyers must consider their options for early termination of a franchise agreement.

## PURCHASE AGREEMENT PROVISIONS

Both the buyer and seller should consider what happens if the franchisor does not approve the transfer of the franchise or if the conditions for transfer are unacceptable to either the buyer or seller. For example, the buyer may object to the terms of a guarantee or the scope of a property-improvement plan. The impact of these and other issues should be contemplated in the purchase agreement.

## WHEN TO START TALKING TO THE FRANCHISOR

Start early. While the rules for a transfer are set out in a franchise agreement, there are always unique issues that might arise, and discovering those early will facilitate any transition. It may also be the best time to put in motion things that might create real advantages. Franchisors can, and do, require property improvement plans (PIP) in connection with a transfer of ownership, and identifying the scope, cost, and timing of a PIP can be a huge stumbling point in a transaction. If key money is at issue, the ability to transfer the obligation to a successor can make the difference between a financially viable transfer or a failed deal. And, as noted

below, identifying business terms that can be carried over into a new franchise agreement is a key consideration.

## ENTERING INTO A NEW FRANCHISE AGREEMENT

If the new owner intends to retain the flag, brands will almost universally require the franchisee to enter into a new franchise agreement. Since franchisees modify their agreements annually, sometimes in significant ways, this allows franchisors to get the benefits of their new form. At that point, a buyer needs to identify the business terms that could be carried over from the existing agreement. These might include royalty or marketing fees, waivers of certain franchise system requirements, and other factors that make the existing property attractive.

## NEGOTIATING THE FRANCHISE AGREEMENT

A prospective purchaser will often want changes from the form of franchise agreement provided by the brand. Any hotel franchisee or prospective franchisee should consider changes carefully. Franchise agreements are intentionally designed to be highly favorable to the brand, and brands are unwilling to make changes. That position is even more pronounced in a change of ownership. Unlike a newly built property, a brand will not agree to many common concessions in an ownership change. A purchaser should be aware that, absent special circumstances, brands rarely provide an area of protection to avoid competition, a ramp-up of fees, or other variations from their forms.

**GUARANTEES**

Franchisors almost always require a financially responsible party to guarantee the franchisee’s obligations under the franchise agreement, including payment of liquidated damages and unamortized key money. Franchisors typically look for personal guarantee. This means that part of any sale or transfer of a franchised hotel must address the termination of an existing guarantee and the terms of a new guarantee. A franchisee can seek a monetary cap to the guarantee, utilize an entity instead of a personal guarantor, or both.

**MANAGEMENT**

Brands, particularly major brands, are increasingly selective as to whom they allow to manage properties. If the existing manager will be held over, that agreement needs to be negotiated (and owners should note that a third-party management agreement is more likely to be transferable than a franchise agreement). If the new owners intend to engage a new manager, the terms of termination of the old manager and the qualification of the new manager must be negotiated.

**FINANCING**

Franchisors often have approval rights over financing. Among other things, franchisors look at the identity of lenders and their principals to confirm they don’t conflict with United States anti-terrorism laws such as the Bank Secrecy Act and the USA Patriot Act. Franchisees need to confirm that the franchisor will cooperate with the lender and, importantly, provide a commercially reasonable comfort letter that lenders need to ensure that they can realize on the security, if needed.

These are just a few of the key issues that often arise in the purchase and sale of a hotel, and doing your homework before entering into such a venture can often prevent major headaches later on. ■

*Robert Braun is a partner in the Los Angeles law firm of Jeffer Mangels Butler & Mitchell LLP where his practice, spanning more than 30 years, focuses on corporate, finance, and securities law with an emphasis on emerging technologies, hospitality, and business transactions. To learn more, visit [www.hotellawyer.com](http://www.hotellawyer.com).*



# Communicating with

Hotelier messaging strategies during COVID-19  
drawn from consumer sentiment research

by STEPHEN DAVIS

**F**ROM NUMEROUS ENGAGEMENTS with clients throughout the leisure industry, here are some insights into effective strategies for communicating with customers. With the impacts of COVID-19, clear, concise, and compelling communication is now an even greater focus than before.

It may sound obvious when you say it out loud or read it in print, but one of the most powerful ways to learn how to best communicate with your customers is simply to ask them about their concerns and preferences. Simple, right? And after personally taking part in numerous research projects with clients that have all asked the seemingly simple “What do you want?” question, I’ve noticed several effective strategies for communicating with customers.

First, we’ll start with some guiding principles for all communication, then we’ll dive into specific tactics for communicating during the pandemic.

## SELECTING STRATEGIES

The correct strategy for marketing messages is always to lead with the consumer, so when crafting messages for consumer-facing media, start by looking at it from the consumer’s perspective. Regardless of whether it’s general brand media, promotional campaigns, or targeted digital advertising, consumer perspective is paramount in all communications.

Ultimately, the goal of marketing media is for the consumer to personally identify with the experience. Consumers react more favorably to marketing that speaks directly to their emotional drivers. This can

be hard to do in a still image, short video, or four lines of copy when you may have a diverse target market. So, narrowing your scope can help.

Once you identify an important segment to target, craft marketing messages that speak directly to those guests. Messaging and media assets should include customers on the property engaging with staff and enjoying property amenities. While images of empty hotel lobbies and restaurants show a pristine experience, it doesn’t convey whether it’s “for people like me.” Amenities and the types of guests shown can be customized according to your target segments.

Too often, marketing messages include pricing or discounts that require consumers to do their own math to understand the value. This is especially true when it comes to savings messages used in promotions and packaging. Whenever a message is accompanied by a savings offer, you should explicitly state the value of the offer in the messaging. Where possible, indicate both the percent discount and the dollars off.

And while this may seem like a no-brainer, it’s a simple, often-overlooked, tactic that pays big rewards when you’re able to eliminate as many barriers as possible between the shopping process and payment confirmation. Making the payment process even a tiny bit simpler for the consumer makes you more likely to retain their attention and gain their trust to complete the booking.

## STRATEGIES FOR MESSAGING BEYOND COVID-19

These principles should always be top of mind, but the unique challenges of COVID-19 have made messaging even more critical and has required creative approaches. Safety concerns continue to be a primary barrier to travel. The right messaging and

imagery can be a critical factor in making potential guests feel safe enough to book a room during the pandemic. After fielding research during COVID-19, there are a few clear strategies to which consumers react strongly.

Though the country is seeing the early roll out of vaccines, experts believe social distancing will continue to be part of our lives for at least the first half of 2021. Guests want to travel, but they also want to feel safe.

Our research indicates that sharing safety measures and cleaning practices are major drivers for how comfortable a guest feels visiting your hotel. In particular, consumers want to know what extra measures are being taken to thoroughly disinfect the room, how common areas are being socially distanced, and how interaction with team members and other guests can be avoided if desired. This may involve direct-to-room check-in, bag breakfast instead of buffets, or capacity constraints at the pool or fitness center.

Having too much copy in marketing communications can be overwhelming. But when it comes to explaining the steps being taken to keep guests safe, native channels and pre-arrival communications should provide a balanced level of detail.

To bring it home for the guest, visually show safety measures in place. Include images of social-distance markers and changes in operation to accommodate safety. Assets on all consumer-facing media should be updated to show employees and guests wearing masks. Where possible, leverage images of guests enjoying open outdoor spaces while being socially distanced.

Leisure customers have been more vocal on review channels about safety concerns

# consumers

and comfort experienced during travel. Leverage social listening to ensure protocols are matching customer expectations. It is also important for PR teams to monitor and respond to negative reviews to mitigate the impact.

Reach customers with safety messages through a channel they trust. Providing local influencers with a short stay in exchange for a review of the experience is a cost-effective way to increase social proof and consumer demand.

At the end of the day, communicating to consumers is about getting your potential guests to immediately identify with the experience. Keep it focused on the consumer and be honest about your COVID-19 safety precautions. ■



*Stephen Davis, Integrated Insight's Vice President of Pricing & Revenue Consulting, serves the hospitality industry with expertise in pricing, revenue optimization, and*

*forecasting. Stephen served previously as the Sr. Analyst of F&B Revenue Forecasting at Walt Disney Parks and Resorts. And prior, Stephen was a member of the Disney Resorts Forecasting team, focused on driving occupancy and ADR forecasts for three Disneyland hotels.*

## BEST PRACTICES AND REAL-WORLD EXAMPLES

### Identify your Customers' Perspective?

- How does my customer use my product?
- How easy it is for customers to find the information they need and book a room?
- How well is our value proposition communicated to consumers?

### Speak Directly to Your Target Market in Marketing Media

Define your target market and segment it into buckets:

- By age (e.g., millennial, Gen X, Baby Boomers)
- By family type (e.g., families with children, young couples without children, older couple traveling alone)
- By culture and heritage (e.g., Hispanic multi-generational families)



# Importance of small business diversity

by ALFREDO ORTIZ

**I**N THE UNITED STATES, MORE THAN 99 percent of businesses are small entrepreneurs. Each provides a necessary service for their community while creating jobs for millions of Americans. During the typical year, 2020 not included, roughly 1.5 million jobs are created by small businesses, a sign the American Dream is still alive and well.

According to the 2019 Annual Business Survey (ABS), approximately one million American businesses were minority-owned, with 1.1 million of all businesses being owned by women. Diversity plays an important role on Main Street and is vital for economic growth and prosperity.

Before the pandemic, the economy was humming along, and the unemployment rate for women, minorities, and the disabled was approaching record lows. While the shutdowns and restrictions have placed an undue burden on mom-and-pop shops, the success minority-owned firms have seen in recent years is rewarding.

## BY THE NUMBERS

According to *USA Today*, Latinos are opening more small businesses in the United States than anyone else. Another report from Stanford University reveals Latino-owned businesses grew by 34 percent during the past 10 years, compared to 1% for all other business owners in the U.S. The same study found that \$500 billion in annual sales was added to the economy by Latino businesses. What's even more interesting is 33% of Latino business owners are

45 or younger. This percentage falls to 22% for non-Latino entrepreneurs.

"I think there's really a positive story when you look at Latino businesses across the country," said Jerry Porras, Professor Emeritus at Stanford Business School and Co-founder of the Latino Business Action Network. "The number is smaller as a base, but it's growing very rapidly. Latinos are oriented toward starting businesses and are doing it at a significant rate."

Asian Americans are also seeing significant business success. According to the 2018 Annual Business Survey, Asian-owned businesses accounted for the largest revenue receipts among minority groups, at \$863.3 billion.

Women have also made incredible strides in recent years. Between 2014 and 2019, the number of female-owned businesses increased by 21%, employment climbed by 8%, and revenue rose by 21%. According to a 2018 report, 400 Hispanic women-owned businesses were started each day in the U.S. For Asian American women, similar progress has been made.

But without smart policies, small businesses won't be able to continue to rebuild and thrive in the months ahead. Unfortunately, some politicians have chosen to continue to punish mom-and-pop shops, as if the pandemic didn't do enough damage. Rather than implement policies that harm small businesses, the focus should be on incentivizing diversity and encouraging financial success on Main Street. Legislation proposals, including a \$15 minimum wage or increased taxes, will only put a pause on the monumental success minority-owned small businesses have seen in recent years.

As the child of immigrants, I witnessed my parents live out the American Dream; seeing the success Hispanics and other minority groups are achieving in the United States is a reminder of how sacred a free-market society is for the success of the economy, small businesses, and achieving the American Dream. ■

*Alfredo Ortiz is the president and CEO of the Job Creators Network.*



# Diversity of Hospitality Industry Public Company Boards 2021

A Brand-New Report from Castell Project, Inc.

To benchmark the hospitality industry's status, Castell Project looked at female, African American, and Asian representation on corporate boards of public hospitality companies based in the U.S. The data set covers 31+ public hospitality companies over five years.

*"Benchmarking where we stand as an industry encourages progress. While the pandemic created additional hurdles for women and minority hospitality workers, we seem to be moving in the right direction overall."*

- Peggy Berg, Chair, Castell Project, Inc.



## AFRICAN AMERICAN REPRESENTATION



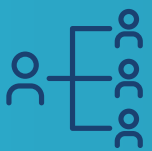
Only 11 of 31 hospitality public boards have African American representation. There is no correlation to company size.

## DIVERSITY IN THE C-SUITE

Among 31 CEOs:



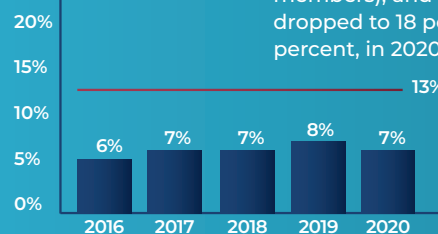
## BOARD CHAIR REPRESENTATION



Chairmanship of publicly traded hospitality companies in the U.S. is rare for African American and female board members. There are three African American board chairs, one of whom is the only female chair.

## 7% AFRICAN AMERICAN REPRESENTATION

African American participation rose from 6 to 8 percent from 2016 to 2019 (from 14 to 21 board members), and then dropped to 18 people, or 7 percent, in 2020.



## NEARLY 1 IN 4 ARE WOMEN



Hospitality public companies and the Russell 3000 Index average 23 percent women board members.

## THE LARGER, THE MORE DIVERSE

The largest companies on the Russell 3000 Index have made more progress on board gender diversity than smaller companies.

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- Seamless integration into your property management system or the latest in payment terminals.
- Live customer service and technical support 24/7/365.

Contact us at 1-800-727-1872 or [lodging\\_team@chase.com](mailto:lodging_team@chase.com) for a complimentary account review to see if Chase can improve your bottom line.<sup>3</sup>



Businesses are required to complete an application and agree to terms and conditions at the time of enrollment. All businesses are subject to credit approval. Merchant services are provided by Paymentech, LLC ("Chase"), a subsidiary of JPMorgan Chase Bank, N.A.

<sup>1</sup> Talk to a Chase Representative for more details and ask to review the Schedule A Pricing Sheet.

<sup>2</sup> Next business day funding is available to eligible Chase Merchant Services customers who deposit into a single Chase business checking account. Visa®, MasterCard®, Discover®, and American Express® OptBlue® credit and debit transactions are eligible. All businesses are subject to business credit approval and all funds are subject to fraud monitoring. In addition, funding is subject to the terms and conditions of the merchant processing agreement. Chase must receive settled transactions by 10:00 pm EST (some businesses may qualify for an 11:59 pm EST settlement; talk to a Chase representative for more details). Funds are deposited on the next business day, excluding weekends and bank holidays. Some exclusions may apply. The listed payment brand(s) are not sponsors of this program. All marks are marks of their respective companies. Deposit products provided by JPMorgan Chase Bank, N.A. Member FDIC.

<sup>3</sup> Cost comparison will be based on a calculation of the overall cost for comparable services, as determined by the processing statements you provide, and will exclude all one-time fees. Cost comparison results are estimates only and do not guarantee savings. In addition, inaccuracies in the comparison may occur due to pricing variances and complexities in the statements provided.

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# We have an unhealthy obsession with your healthy bottom line.

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