

today's hotelier

July 2020 | todayshotelier.com

The Official Publication of AAHOA

THE NEW NORMAL
AAHOA Members adapt to prepare for post-COVID-19 travel needs

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We're all in this together

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NEW NORMAL

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5 THINGS TO KNOW ABOUT AAHOA THIS MONTH

1.

Help AAHOA by volunteering. In the spirit of #AAHOASTRONG, you can help AAHOA by serving on a committee or as an ambassador. These key roles are vital to helping us be an effective voice for America's hotel owners. If you're an AAHOA Member, consider applying. Visit AAHOA.com/about-AAHOA to learn more.

2.

Education is key to recovery. In the past nine weeks, more people watched AAHOA's webinars than in all of 2019. With 110+ webinars on COVID-19, we are proud to be your No. 1 resource for vital information during the pandemic and are working hard to provide you with resources for a successful recovery. Access the library, which is free and open to the industry, at AAHOA.com/webcasts.

3.

Register for AAHOA charity golf tournaments. In our ongoing efforts to give back – demonstrating what it means to be #AAHOASTRONG – AAHOA is hosting three charity golf tournaments this year in Charlotte, Houston, and Albuquerque. Sign up for one in your area today for a day of, fun and friends, all while helping us raise money for worthwhile causes. Visit AAHOA.com/events/golf to register.

4.

AAHOA Welcomes New Chairman. Last month, AAHOA was proud to announce Biran Patel took the helm as AAHOA Chairman, representing the 30th leader to take on this position at AAHOA. Please join us in congratulating and welcoming Biran as Chairman. Stay tuned for next month's edition of *Today's Hotelier*, where he will share his vision and priorities for 2020-2021.

5.

Pack your bags for the ALIS Summer Update Series. Make plans to join us in New York, Nashville, and Dallas this month as we cover hotel capital markets, views from the boardroom, and hotel development. AAHOA is proud to co-host and collaborate with BHN Group to produce the Dallas and Nashville events. There's still time to register at Burba.com/ALISsummerupdate.

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Today's Hotelier is the official monthly publication of AAHOA
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Today's Hotelier is published by
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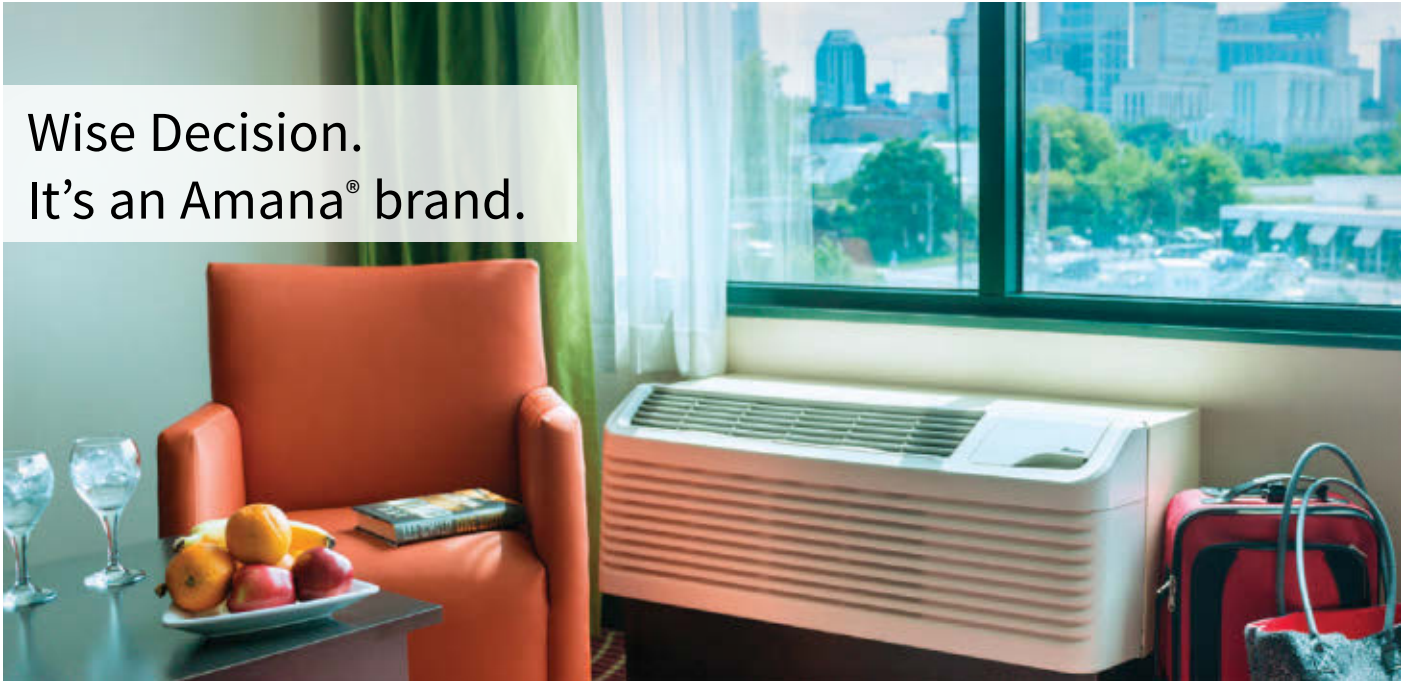
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PUBLISHED JUNE 2020/AAHOM0720/1187

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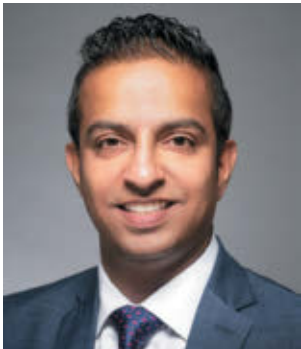
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BIRAN PATEL
AAHOA CHAIRMAN (2020-2021)

The road to recovery

AAHOA HAS ALWAYS BEEN THERE for America's hotel owners, and, as we've seen over the last three months, our association is more important than ever. AAHOA is working diligently to guide our members through the trials and tribulations of the COVID-19 pandemic. I am grateful to Jagruti Panwala, the AAHOA Board of Directors, ambassadors, and the countless members who volunteer their time to advance AAHOA's mission. I extend my sincere thanks to Jagruti for her years of service on behalf of America's hoteliers.

The pandemic continues to affect every single part of our industry, and the only way we can weather this storm is by doing so together. The spirit of hospitality that binds us all will help ensure that we remain united and come through this crisis stronger than before. For over three decades, AAHOA has been growing and evolving as an association. When faced with adversity, be it discrimination, 9/11, or the 2008 financial crisis, we persevered. That's why I am confident that we will make it through this pandemic.

Despite the challenges of the past few months, hope is on the horizon. AAHOA is in direct communication with lawmakers, the brands, and our vendor partners so we can address the challenges of reopening and recovering together. People are getting accustomed to a new normal, and occupancy rates are beginning to creep back up. AAHOA's goal is to bring the travel industry and our workforce back. We want to make sure hoteliers' businesses survive this crisis and that they are prepared for our industry's revival. By working together, hoteliers will ensure that the health and safety of our employees, guests, and communities remain our number one priority.

I am proud of AAHOA's amazing work to help our members over the past three months. We are continuing to find new ways to tap into our potential as an association. AAHOA is here to serve our members because our members come first. Thank you for the trust and for the opportunity to serve you as chairman.

There is a lot of uncertainty in our industry and in our country right now, but you can be sure that AAHOA will continue to do right by America's hotel owners. The road to recovery may be long, but we're all heading in the same destination. We are all in this together. ■

“

Despite the challenges of the past few months, hope is on the horizon. AAHOA is in direct communication with lawmakers, the brands, and our vendor partners so we can address the challenges of reopening and recovering together.”



JAGRUTI PANWALA

AAHOA CHAIRWOMAN (2019-2020)



Throughout my term, and especially in the past months, AAHOA Members rallied together to aid each other and the communities they serve. Even as our industry experienced the shockwave of COVID-19, our members displayed their professionalism as small business owners and community leaders in times of crisis.”

A fond farewell

I T HAS BEEN AN HONOR TO SERVE YOU AS AAHOA CHAIRWOMAN. I SPEAK FOR THE entire AAHOA Board of Directors, my fellow officers, and the AAHOA staff when I say we have the greatest empathy for our members and their families who are enduring the many hardships that have become synonymous with this crisis. I could not be prouder of you, our AAHOA Members, for your resilience, your pride, and your willingness to help others during these troubling times. We’ve shown that, as a community, we’re stronger together. This strength in unity has defined AAHOA over our association’s 30-year history.

When I assumed my position as AAHOA Chairwoman, I never could have imagined the progress AAHOA and our members would come to achieve. Before we shifted our attention and our resources almost exclusively to addressing the pandemic, AAHOA continued advancing, growing, and making our mark on the hospitality industry. We saw our membership reach nearly 20,000, the highest in our history. We experienced a 92-percent increase in event attendance. We trained more than 6,000 people in our industry-leading human trafficking awareness trainings. We launched MyAAHOA.com, the one-stop shop to manage memberships and take advantage of all that AAHOA has to offer. AAHOA PAC reached new heights, recording the most \$5,000 donors in association history.

When the COVID-19 crisis crippled our country, our economy, and our industry, AAHOA got to work for our members. We held more than 100 webinars to help hoteliers specifically address COVID-19. We fought for and won flexibility for hoteliers to use Paycheck Protection Program loans to cover more expenses. And over these past few months, AAHOA has led the charge for industry-wide changes that could potentially change our landscape for the better and help move us forward on the road to recovery. From opt-in housekeeping, limited room amenities, and removing hot breakfasts to hitting the pause button on the enforcement of brand standards, PIPs, and policy rollouts, AAHOA is advancing policy changes to help America’s hoteliers save money and keep the lights on.

The onset of the COVID-19 pandemic threatened to upend a period of historical growth both for our industry and our association. I’ve always known that our members are held in high regard for the work they do as professionals and as industry advocates. Throughout my term, and especially in the past months, AAHOA Members rallied together to aid each other and the communities they serve. Even as our industry experienced the shockwave of COVID-19, our members displayed their professionalism as small business owners and community leaders in times of crisis.

AAHOA is an association where hoteliers lift each other up. I extend my sincere gratitude to every AAHOA Member – with your continued support, we shall remain #AAHOASTRONG. Serving as the AAHOA Chairwoman, and as AAHOA’s first Female Chair, has been the honor of my life. I am grateful to have served my term, and I hold the utmost confidence in the leadership Biran Patel will bring as the incoming AAHOA Chairman.

Thank you to our Ambassadors, Committee Members, and all those who volunteer their time, their energy, and their talents to make AAHOA all that it can be. Thank you to the AAHOA Board of Directors and the past AAHOA Chairs for your service and for laying the foundation on which we continue to build. It was a pleasure to join you all for the first Past Chairmen Council and board retreat. And lastly, thank you to my parents, my brother and sister, my children, and my husband for their support and inspiration. I wish the best of luck to my fellow AAHOA Officers as they forge the path for our great association, and I look forward to working with hoteliers across the country as we help rebuild our industry. ■



CECIL P. STATON
AAHOA PRESIDENT & CEO

AAHOA remains resilient

THROUGHOUT OUR HISTORY, AAHOA HAS RISEN WITH PURPOSE TO MEET THE challenges of our time. AAHOA leadership acts decisively in the face of adversity to advance the interests of America's hotel owners. Today, and for months to come, our association must address the recovery process as our nation moves towards reopening.

We confront difficult questions about what travel will look like in the U.S. We go about our business amid concerns of safety of loved ones and the communities we serve. In light of constant revelations and shifting guidelines, we are readjusting and refining our operations to meet the standards that must be adopted to assure safety for everyone that our industry serves. Again, AAHOA is called upon to confront the challenges of our times.

This recovery process begins where AAHOA began – resolute, unifying action in response to extraordinary circumstances. Fortunately, our members are the pure embodiment of the entrepreneurial spirit and American dream. Their brilliance and professional commitment have elevated our industry to soaring heights once before, and I am confident that these traits will propel us forward once again.

AAHOA has demonstrated resilience before, and we are strong enough to innovate and adapt to what might come next. Our circumstances call for bold action and a unified front. AAHOA Members have already lent immense time and expertise to guide legislative and industry initiatives to prepare for the future, and with this ongoing effort, we can push forward with confidence and strength. Our country and our industry call out for a path forward, and AAHOA can renew our commitment to excellence and wellbeing of our members and our communities.

The road to recovery is subject to twists and turns – local conditions and laws, medical advancements, and other variables will affect the way our industry operates for months to come. But regardless of future circumstances, AAHOA will emerge from on the other side of the pandemic. I thank Jagruti Panwala for her extraordinary service to AAHOA, and I welcome Biran Patel to his role as AAHOA Chairman. At AAHOA we are stronger together. Our community is resilient, adaptable, and committed to excellence. ■

“

AAHOA has demonstrated resilience before, and we are strong enough to innovate and adapt to what might come next.”

Congress delivers reforms to the Paycheck Protection Program

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

by SEAN GROSSNICKLE



ISTOCK.COM/TUMSASEDGARS

For small businesses that received PPP loans at the start of the program, the rigid eight-week forgiveness deadline threatened the future of their business even as states across the country started to reopen. Businesses in the hospitality industry, which were just beginning to resume operations, lacked sufficient time to distribute pay and comply with other restrictive stipulations under the original PPP guidelines.

COMMON GROUND

On May 26, Representatives Dean Phillips (D-MN) and Chip Roy (R-TX) introduced H.R. 7010, the Paycheck Protection Program Flexibility Act of 2020, to modify the PPP and provide borrowers much-needed flexibility to achieve maximum forgiveness of their PPP loans. This bill passed the House with a vote of 417-1, and then it cleared the Senate by unanimous consent. On June 5, President Trump signed this bipartisan bill into law. The PPP Flexibility Act grants borrowers more time to spend the funds received from the program and broadens the expense categories that qualify for loan forgiveness. ■

THE ISSUE

The Paycheck Protection Program (PPP), which was created under the Coronavirus Aid, Relief, and Economic Security Act, has provided billions of dollars in forgivable loans to small businesses impacted by the COVID-19 pandemic. Since launching in early April, the PPP has lent over \$500 billion to more than 4.5 million American businesses. However, the original terms and conditions of the PPP loans were inflexible and did not accommodate the difficult and lengthy recovery process many businesses face.

Rep. Dean Phillips (D-MN), Co-author of H.R. 7010

First Elected: 2018

"We must redesign the Paycheck Protection Program (PPP) to make it accessible to everyone, from food trucks to four-star restaurants to your favorite music venue. While the PPP has helped millions of small businesses keep their lights on, millions more remain on the outside looking in. It won't matter how much money we appropriate if the system by which it's distributed is inaccessible to those who need it the most. As an entrepreneur and small business owner myself, I understand the challenges facing businesses struggling to survive this crisis. These common-sense solutions will provide the flexibility necessary to weather the storm and prepare for uncertain times ahead. I am pleased to work with Congressman Roy on a bipartisan solution supporting small businesses – the backbone of the U.S. economy."

Rep. Chip Roy (R-TX), Co-author of H.R. 7010

First Elected: 2018

"The Paycheck Protection Program (PPP) is providing essential capital to millions of small businesses across the country. Unfortunately, for many of these business owners, particularly local restaurants, hotels, and those in the hospitality industry, the terms are too inflexible to provide the help they need to weather the economic storm. PPP cannot protect jobs if workers have no job to return to after state and local lockdowns are lifted. ...Many businesses are already four weeks into the loan and need this flexibility immediately before the forgiveness timeline runs out. I look forward to continue working with my colleagues on both sides of the aisle to enact these simple but critical reforms in order to save small businesses."

AAHOA IS PROUD TO SUPPORT from the onset of COVID-19 throughout



AAdvantage Laundry Systems is proud to be a member of AAHOA. Our membership has given us the opportunity to learn from the best in the industry. Attending town hall meetings and trade shows have been an invaluable resource to being involved with the leaders in this community.”



I want you to know that we appreciate you for all that you do for us, updating and keeping the hospitality community informed. May GOD Richly Bless You For Your Hard Work And Dedication.”



I really appreciate that AAHOA is bringing industry leaders who are providing feedback in dealing with these matters and can speak to their experiences. Their candid and straightforward responses are what is needed in these times of unknown. AAHOA is one of very few trusted sources for me. I applaud you all for stepping up your initiatives to help us in these times.”



First of all, I would like to thank you and the whole AAHOA team for tirelessly working for the best interest of the hotel industry during this ongoing pandemic. Webinars hosted by AAHOA are also really helpful to ensure that we properly understand various important issues like Paycheck Protection Plan, EIDL, etc.”



Thank you for going above and beyond in these challenging times. I believe the collaborative spirit will see all of us through. Please thank the AAHOA decision-makers on my behalf for allowing all industry members access to information. That is a big deal and should be acknowledged.”



My hat's off to AAHOA and their leadership for educating all of us again and again on PPP loan application and the process... AAHOA was there from day one. Thank you, AAHOA.”



I wanted to say AAHOA is doing an excellent job with all the content and help through all of this. Keep up the great work.”



AAHOA is doing great work and I must tell you, this is a great comfort for hotel owners. With kind regards.”



Hotels are running single-digit occupancy, but we are healthy and doing well. Keeping positive knowing this, too, will pass. Also, I wanted to say AAHOA is doing an excellent job with all the content and help through all of this. Keep up the great work and looking forward to normalcy where we can have another face-to-face meeting soon.”

AMERICA'S HOTEL OWNERS – recovery and reopening



First of all, many thanks for the abundance of incredibly helpful resources AAHOA has provided to the community with relation to the COVID-19 pandemic. You have been a guiding light through this whole situation, and we are grateful.”



I am so glad to know the AAHOA team is there for their members in their time of need. I am an AAHOA Lifetime Member for a very long time and proud of my association.”



The AAHOA staff and leadership are doing an amazing job for all hoteliers. This association exists for times precisely like the current crisis we're in and each of you from the top down is making a positive difference for so many of us that are struggling.”



You guys are doing a phenomenal job in communicating and updating members in this difficult climate. I want to thank everyone at AAHOA.”



It means so much to have AAHOA standing by our side. It changes lives. A sincere thank you.”



I believe that it takes strong leadership and teamwork to overcome the toughest challenges during dire circumstances. What you have illustrated in the last few days and are committed to do so in the foreseeable future is absolutely astounding! With much gratitude and appreciation for you.”



This was very helpful. In these difficult times, I cannot express how grateful our company is to the team at AAHOA and the experts they bring in.”



AAHOA is doing a formidable job on the COVID-19 coverage, resources, and support for hotel owners. I wanted to express my gratitude for all the value that you are providing.”



First, I want to say that on the main front, AAHOA is doing an outstanding job. All the hard work may seem that it goes unnoticed, but rest assured, we see. You have helped the Valley in many ways.”

AAHOA MEMBERS LOOK AHEAD TO OPERATING UNDER A NEW NORMAL



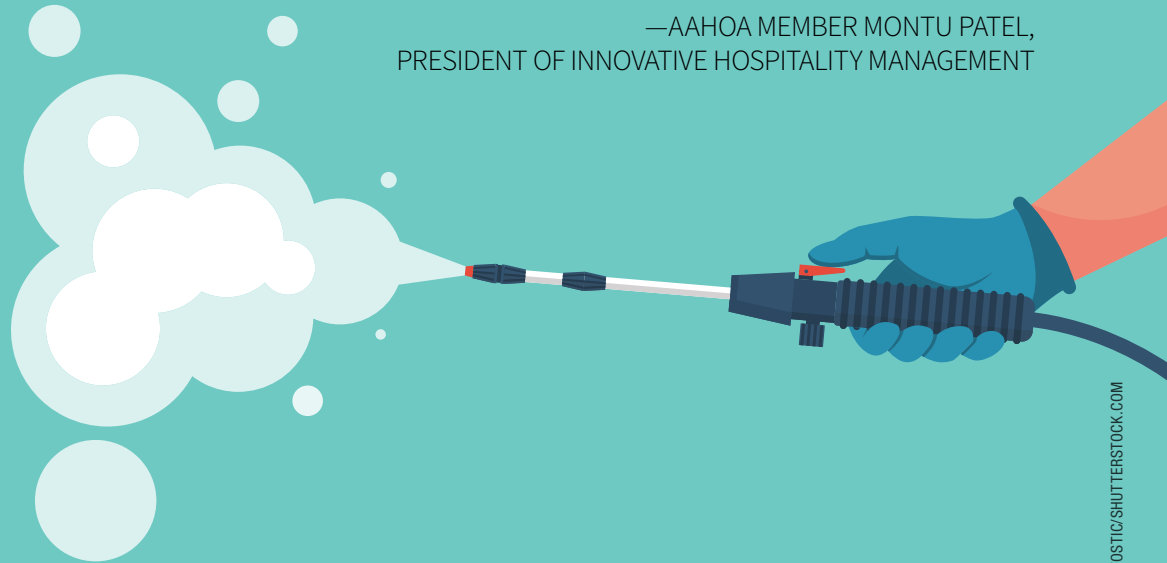
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AAHOA has been following several AAHOA Members throughout the pandemic to learn more about their experiences, progress, and views as hoteliers wade through these uncharted waters. This article brings you the latest updates.”

“

Guests don't always know that we sanitized the rooms like this even before COVID-19. We use commercial products that sanitize the room, and we've done it for decades.”

—AAHOA MEMBER MONTU PATEL,
PRESIDENT OF INNOVATIVE HOSPITALITY MANAGEMENT



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There's no doubt the COVID-19 pandemic has changed the way people travel. With that in mind, hoteliers are adapting to evolving needs.

by ALICIA HOISINGTON

T WOULDNT BE AN OVERSTATEMENT TO SAY THE PAST few months have been a whirlwind for hoteliers as they navigate a new normal during a time when travel has essentially stopped. After many owners had little option but to close some of their hotels amid swooping occupancy declines, the thought then became “What's next for my business?”

And that's just the question AAHOA Members spent the past three months trying to answer.

AAHOA Member and Past Chairman Bhavesh Patel, principal of ADM Hotels & Development, had been operating on a limited basis, with about 10 percent of his hotels open and the majority of his staff furloughed or laid off.

“We're in a county which is mostly tourism, and we have no occupancy,” Patel said. “Unless some of the tourist places open up, we're not going to have any business.” As of May, he said there was no business on the books.

But that doesn't mean hoteliers aren't looking toward – and looking forward to – some kind of recovery. With the future top of mind, they are working to update their operations to meet the needs during a new era that places cleanliness at the forefront, even more so than it was in the past. Here's how some AAHOA Members that *Today's Hotelier* has been following since the onset of the COVID-19 pandemic are adapting their business.

TRAINING AND SAFETY

Training and safety will go hand in hand even more in the days ahead, and hoteliers are making sure their employees are taking the matter as serious as it is. Of course, that's not always easy to do when things are changing so rapidly.

“From a training perspective, it's evolving every day,” AAHOA Member Shreyas “JR” Patel, President and COO of Helix Hospitality, said. “When parameters are set, it's as much to keep the team



So, if we're ready to open the end of June, employees might realize it's time to come back. We'll tell them their job is open and if they don't want to come back, we'll find replacements. There are plenty of people looking for jobs. Because after that \$600 runs out, they're going to be making less staying home."

—AAHOA MEMBER AND PAST CHAIRMAN BHAVESH PATEL, PRINCIPAL, ADM HOTELS & DEVELOPMENT

and guests safe as it is letting people know that we are keeping them safe. As days go on, we're going to start to see folks a little more confident to travel."

That means it's not just about doing but also showing how tasks are being done. "We need to show what we're using to clean and sanitize. I can say I use corporate yellow cleaners from X, Y, Z company, but that's not always relatable to consumers," JR Patel said. "I can show something that is visually relatable to the consumer as something they may have in their home, such as this is an X-branded bleach product that the consumer is familiar with and it kills 99.9 percent of bacteria. We can show that with something as simple as a card on the desk that this room was sanitized, explain what we used, and then a name of who cleaned it to show attention to detail."

AAHOA Member Montu Patel, President of Innovative Hospitality Management, said the teams at his hotels are cleaning common areas on an hourly basis. Extreme precautions are also taken in the guestrooms, with staff not entering when guests are in. Stay-over guests are asked to put their laundry outside or whether they would be willing to exit the room for a while for cleaning. Masks and gloves are provided for team members, and all the appropriate sanitizers are used throughout the property.

"Guests don't always know that we sanitized the rooms like this even before COVID-19. We use commercial products that sanitize the room, and we've done it for decades," Montu Patel said, adding that he agreed there might be a need for a bit of a "PR campaign" from the brands and hotels to help explain to guests about the practices.

"But, by and large, these are not drastic new measures," he said. "While there may be some new hot marketing things the franchisor comes up with, that's more marketing driven. The fact of the matter is that before COVID-19, our rooms were sanitized and cleaned appropriately. Post-COVID-19, those measures are just getting a refresher."

SAFE STAY

And brands certainly have come out with their own commitments to cleanliness, many of them teaming up with medical associations to add another layer of credibility. In a move to unify the hotel industry on these practices, the American Hotel & Lodging Association launched the Safe Stay initiative designed to change industry norms, behaviors, and standards to ensure both hotel

guests and employees are confident in the cleanliness and safety of hotels once travel resumes. AAHOA is part of the Safe Stay Advisory Council.

Bhavesh Patel said part of the plan includes reopening parts of the operations in phases. For instance, breakfast probably won't be brought back this year but perhaps possibly next year. Beyond that, it's all about going above the normal standards.

"In our lobby and public spaces, we're moving all chairs and tables so that there's no social gathering," he said. "We added safety shields for the front desk, as well as provided masks and gloves, and we're making sure things like elevator buttons are being wiped down. We're also leaving rooms empty for a few days, if possible, so they can be aired out."

RAISE THE STAKES

But upping the standards comes with the need to raise the stakes on training teams. "A lot of it has to do with incorporating standard social distancing practices and this concept of new normal with things like not shaking hands," JR Patel said. "We're really getting into the day-to-day operations and getting people to realize how many surfaces they're touching throughout the day and why they need to wash their hands."

That extends to common touch points, he added. For example, he said it's important for employees to truly understand that areas such as coffee stations will require more sanitization because they are touched so often. And then, it's imperative to make sure team members are using the chemicals correctly, as he said some need to sit up to 60 seconds before being wiped down.

"It's changing the mindset of folks in terms of what we perceive is clean and what is actually clean," he said. "It's realizing that in our daily lives, people are the medium spreading the virus. So, employees need to learn how to compartmentalize, from taking out the trash from rooms to removing linens."

For his team, much of the training is happening one on one. "Because this is so new, we have had to be more reactionary than proactive. This is the new normal, and this is going to be how it's going to be," he said. "It's getting out there and showing the GM, the assistant manager, or the department heads how we're going to handle it in a top-down approach. And then those in the field are coming back to us with feedback, so we're still refining our practices. Sooner or later, we can marry those two together into our own internal processes and guidelines."



HEADWINDS REMAIN

But while training employees is top of mind, some hoteliers have found it difficult to get their team members to even come back to work.

“I can assure you that my colleagues and I are having a hard time getting our team members – who were loyal to us in the past and who have done an incredible job – to come back in and work scheduled shifts for reasons including that they have family or children at home they have to care for or help with education because now it has fallen on the parents to help as opposed to the teacher,” Montu Patel said. “Then, you may have a team member who may feel unsafe and is afraid of coming back to work.”

Unemployment payments were cited as another reason employees were hesitant to return to work, sources said. In addition to the regular state weekly payment, people collecting unemployment were also entitled to an extra \$600 a week from the federal government.

“We’ve heard loud and clear from some employees saying, ‘I’m getting paid more to stay at home than I would be if I came into work. Why would I come back into work if it will cost me more and also put myself at risk?’” Montu Patel said, adding that it had been difficult to get in touch with the unemployment office to refute claims. Additionally, he said unemployment letters had not been received in a timely fashion.

“The system is bogged down, and it is being overwhelmed from its original design. As a result, the employees are getting unemployment insurance in a place where it’s possible they are needed at work,” he said.

NAVIGATING FUNDING AND EMPLOYMENT

And that causes a problem for those companies that have received funding from the Paycheck Protection Program, which states

that in order for the loan to be forgivable, companies must keep the same number of employees they had before the pandemic.

“We want to bring employees back based on the intention of the program and get them back to work doing some deep cleaning and preventive maintenance despite not having occupancy, but we’ve had challenges,” Montu Patel said, adding that he has doubts as to whether any portion of his loan will be forgiven. “The spirit of the program has backfired because of the \$600 unemployment kicker.”

That means employees who don’t return are being warned that if they don’t show up for their scheduled shifts, a furlough would then turn into a termination, he said. “We have to tell them that now we are going to hire new staff and post their job. We’d love to get our team members back, but when that’s not happening we’re left with no other option.”

Bhavesh Patel, who has come across similar obstacles, said that the extra \$600 payment will likely run out in July. “So, if we’re ready to open the end of June, employees might realize it’s time to come back. We’ll tell them their job is open and if they don’t want to come back, we’ll find replacements. There are plenty of people looking for jobs. Because after that \$600 runs out, they’re going to be making less staying home.”


THE NEW NORMAL

But, there is hope that someday the new normal will turn back into the occupancy levels the industry has enjoyed in recent years. Of course, it means hoteliers will need to continue to shift as the world around them does.

“In the last few years with the economy, it’s been easy to sit back in certain markets and ride the wave,” JR Patel said. “Our sales teams need to step up and see what else is out there. It’s time to go back to the basics.” ■



**AT AAHOA,
IT'S ALL HANDS ON DECK**



Advocating for members has been job No. 1 throughout the coronavirus pandemic

by NICK FORTUNA

THEY'VE BEEN DESCRIBED AS HEARTBREAKING, encouraging, and inspiring, but most important for the hotel industry, they've been impactful. The stories of hoteliers across the country struggling to stay afloat during the novel coronavirus pandemic have shown lawmakers and government officials the true resilience and determination of the hotel industry.

But they've also illustrated the importance of swift government action to aid an industry battered by the economic shutdown and the resulting recession. Through late May, AAHOA's approximately 20,000 members had contacted federal, state, and local representatives more than 31,000 times, recounting the stories of businesses that went from thriving to writhing within a matter of weeks.

Those personal stories from constituents carry great weight with legislators and make it easier for AAHOA to advocate for its members, according to Chirag Shah, the association's vice president of government affairs.

Some members have shared the pain of having to lay off long-tenured employees who felt like family, of paying hotel utility bills with personal credit cards, or of having to shut down operations completely. Others have shared stories of selflessness, having stepped up to provide meals for laid-off employees and their families, to produce personal protective equipment, or to provide housing for health care workers, first responders, and supply chain professionals.

When the economic hardship has a face and a name, legislators tend to take notice, Shah said. Members who have built relationships with their representatives over many years, combined with newly engaged members reaching out for the first time, have shed light on the unprecedented challenges facing the hotel industry and the need for action posthaste.

"The responses from congressmen – they've just been blown away," Shah told members May 20 during an online legislative update. "In a lot of cases, they have never run a small business, so the personal stories of our members have been particularly important. That's why our message has been resonating. They're responding very positively to our industry."

Early in the pandemic, AAHOA provided letter templates on its website to make it easier for members to contact their legislators, and members responded in a big way, sending more than 21,000 letters in the first week alone.

Cecil P. Staton, AAHOA's president and chief executive, said he was heartened by the overwhelming response. A former state senator in Georgia, Staton wants members to know that when



important constituent groups speak with a unified voice, they can have a big impact on legislative initiatives.

“We really must do more to make our voices heard as an industry,” Staton said. “Without your voice, without your story, [legislators] are flying blind when it comes to helping the hospitality industry weather this storm. It’s critical that hotel owners participate in the government affairs process and play an active role in shaping the post-COVID-19 economic landscape.”

EVALUATING THE FEDERAL RESPONSE

In March, AAHOA advocated for and praised the passage of the CARES Act, which created the Payroll Protection Program (PPP) and expanded the Economic Injury Disaster Loan (EIDL) program, both administered by the Small Business Administration. The following month, industry groups lauded the Paycheck Protection Program and Health Care Enhancement Act, which replenished PPP funds after they had run out within two weeks of the program’s launch.

But AAHOA and other hospitality groups – including the American Hotel & Lodging Association, National Association of Black Hotel Owners, Latino Hotel Association, and state lodging associations – all stressed the need to provide more liquidity to hotels. The industry groups would like PPP funding extended through year’s end. As of May 23, the PPP had only approximately \$150 billion remaining, with the SBA having approved \$511 billion in PPP loans, according to *Forbes*.

AAHOA and its industry peers have expressed frustration with the maximum size of PPP loans, which are limited to the lesser of \$10 million or 2.5 times a business’ average monthly payroll costs. Increasing that limit in a future stimulus bill is a priority for the association, Shah said. Other policy goals include:

- Extending the eight-week window in which hoteliers must use PPP funds
- Lowering the percentage of PPP funds that must go toward payroll from its current level of 75 percent
- Pushing back the June 30 deadline to rehire workers in order to get PPP loan forgiveness
- Shoring up the market for commercial mortgage-backed securities, which account for approximately one-third of all U.S. lodging-industry debt, or roughly \$86 billion

- Tax credits to incentivize travel once it becomes safe
 - Civil liability protection in the event that a guest or employee contracts COVID-19
 - Requiring business-interruption insurance to cover losses stemming from government-ordered shutdowns
 - Extending eligibility for PPP loans to destination marketing organizations such as convention and visitors bureaus
- “Our DMOs need those dollars because they’re small businesses just like any other,” Shah said. “It’s going to be harder to recover if our DMOs aren’t strong, so we’re pushing that as a travel industry priority.”

The stimulus bills have increased EIDL funding by \$20 billion, an insufficient amount given the scope of the economic downturn, Shah said. Further, the lack of manpower at the SBA has made applying for aid an onerous process.

“We know that a lot of members have been applying for these programs and don’t hear back for weeks or months on end,” he said. “In other cases, they may have gotten some portion of it, like the \$10,000 grant through the EIDL, and then they never hear back again. That’s just a fundamental flaw in the process, largely because the volume is something that the SBA has never seen before.”

STATE AND LOCAL GOVERNMENTS

AAHOA has been engaged with state and local governments throughout the pandemic, initially working to ensure that hotels could stay open as essential businesses and to get them quick access to capital. As states began to reopen in May, the team advocated for liability protection, direct financial aid, and tax flexibility for hoteliers.

AAHOA reached out to state and local government officials to educate them about the critical role hotels play in providing housing. Many low-income families and individuals rely on budget hotels for housing, and during the pandemic, some health care and supply chain workers began staying in hotels to avoid bringing COVID-19 home to their families.

Kate Siconolfi, AAHOA’s director of state and local government affairs responsible primarily for the eastern U.S., said it was important to highlight the extensive cleaning and sanitation procedures in place at hotels.



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“In nearly every state, we were able to keep hotels deemed essential, with restrictions,” Siconolfi said. “That was the No. 1 thing we worked on, the top priority. It was important for governors and state and local officials to know about the great work your businesses are doing to make sure your doors are open.”

AAHOA urged governors to issue disaster declarations early in the pandemic, making their states’ small businesses eligible for the EIDL program. Since then, however, states have been limited in their ability to respond, with at least 14 states having suspended their legislative sessions, Siconolfi said. Some states are considering online “virtual” sessions, while others are scheduling special legislative sessions for later this year.

Another hurdle has been the dire financial health of states, according to Eric Reinerman, AAHOA’s director of state and local government affairs responsible primarily for the western U.S. State and local governments are expecting tax revenues for the second quarter to be down 15 percent to 20 percent. The large budget shortfalls have many lawmakers calling for federal aid to state and local governments – anywhere from \$300 billion to \$1 trillion – in the next stimulus bill, Reinerman said.

“It’s pretty dramatic what we’re seeing in terms of revenue at the state level,” he said.

Up to \$535 billion of the \$3 trillion in federally appropriated stimulus funding has been earmarked for state and local governments, and AAHOA is working to ensure that hoteliers get their fair slice, Reinerman said. Some battles are easier than others, however.

Guidance from the Department of the Treasury prohibits states from using aid to cover shortfalls in property taxes, for example, an important issue for hoteliers. Though AAHOA has been pushing to change those guidelines, Reinerman said, “It’s difficult. It’s tough sledding.”

At least 41 states are allowing small businesses to defer tax payments without interest through July 15 or later this summer, and many local taxing districts are waiving late fees and penalties on property taxes, Reinerman said. In addition, at least 23 states have offered direct financial relief such as grants or loans to small businesses.

“We’re seeing that you can defer your property taxes [in many cases],” he said. “Unfortunately, we’re not seeing a great appetite for forgiveness, although we’re still pushing for that. One trend we are seeing are loan programs especially designed for the hospitality industry, which is good. We need more of them.”

Reinerman said he was pleased to see several states enacting liability shields for small businesses like hotels in the event that a guest or employee contracts COVID-19. The bills passed in Utah and North Carolina and that are under consideration in many other states would protect hotels in all cases except those of extreme negligence, he said.

“What we’re worried about is preventing a new wave of drive-by lawsuits as states open, similar to the [Americans with Disabilities Act lawsuits],” Reinerman said.

THE ROAD AHEAD

Staton said hoteliers and their employees are especially vulnerable to sharp economic downturns and public health crises because they feel the effects first and deal with them the longest. A virtual shutdown of air travel and the cancellation of major events nationwide impacted hotels right away, and it likely will be months before a frightened public can make travel plans with confidence.

However long it takes to return to prosperity, AAHOA will be hard at work for members, Staton said. In addition to its legislative advocacy, AAHOA has been in constant contact with hotel brands and online travel agencies since the start of the pandemic, seeking the relaxation of brand standards, a reduction and postponement of royalty fees, and lower commissions for OTAs. Every concession helps, though the challenges facing hoteliers remain daunting.

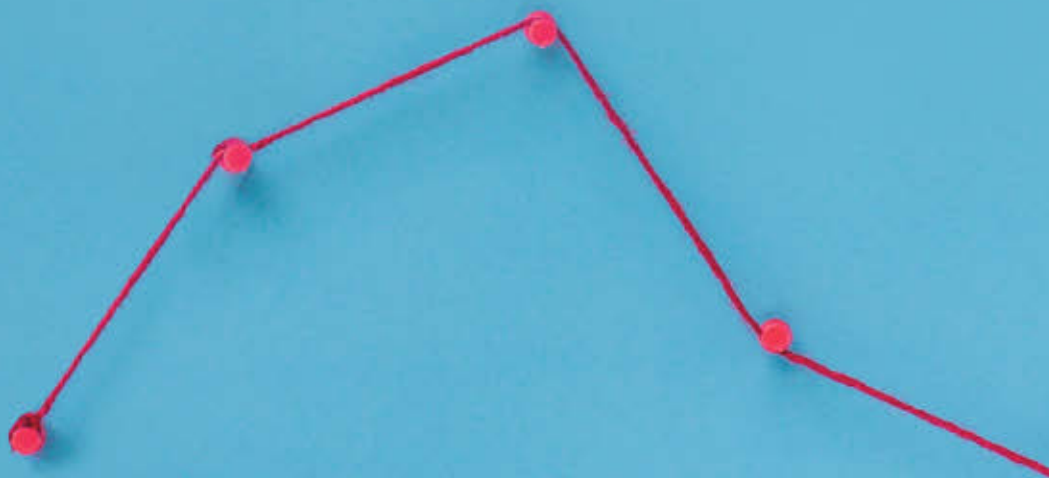
“AAHOA has been working double time since COVID-19 began,” Staton said. “Unfortunately, many hotels have closed during this crisis, but AAHOA has not closed. In fact, our members need us now more than ever, and we’re committed to working on your behalf. We want you to know that AAHOA is here for you. We are here to serve our members. We thank you for your engagement and involvement.

“This is a resilient industry, you are resilient as hoteliers, and we’re going to get through this together.” ■

BEYOND THE PANDEMIC

What are the prospects for a rebound for the hotel industry?

by IAIN SHAW





WITH THE CORONAVIRUS PANDEMIC AND the ensuing lockdowns forcing the United States into recession, there's no question that 2020 will be a rough year for the industry. It remains impossible to forecast exactly what the economic fallout will be, but what are the prospects for a rebound in Q3 and Q4? And what can hoteliers do to prepare for every eventuality?

ASKING THE PROS

Economists and analysts say an economic rebound is possible, but far from certain. Aran Ryan of Oxford Economics says the firm has been looking at three potential models that will shape the remainder of the year for hotels. Each model assumes a greater or lesser impact on travel resulting from a combination of economic and virus-related drag. The variables accounted for include the extent to which the virus is contained, how willing people are to travel, and the degree to which public places and group events can resume.

“One of the key assumptions is to what extent is group travel going to be permitted,” Ryan said. “The moderate overhang scenario is saying group travel would be permitted, but you’ll have this overhang.” Under the most serious of Oxford’s models, Ryan said prolonged restrictions and a risk-averse mood among consumers would be a significant drag on the travel industry. “In the greater overhang scenario, you would have restrictions on groups. Very limited group activity, many public places closed, restaurants more limited, travelers cautious about non-essential travel,” he said.

Hospitality data analytics firm Kalibri Labs made projections for the potential impact of COVID-19 on the U.S. hotel industry as a whole, using 2019 figures as a baseline for comparison. Each forecast presumed a percentage decline in business as its starting point, ranging from a dip of 15 percent up to a 65-percent collapse. The projections concluded that even a 15-percent decline would leave the industry in a negative cash flow position.

““

It’s not a rate issue, it’s because people are worried about their health. You don’t want to have to be in that position when you do come out of this to have to deflate your rates to such a point where you can’t get them back up.”

—DAVID EISEN, HOTSTATS

“

If there's another outbreak, the good news is that each local market has had some experience in what to do, whereas we didn't have that the first time around.”

—CINDY ESTIS GREEN, CEO AND CO-FOUNDER, KALIBRI LABS

“I'm anticipating that we may end up somewhere between 40 and 60 percent reduction in revenue, and I think that's probably closer to 50 or 55 overall,” Kalibri Labs CEO and Co-founder Cindy Estis Green said.



REINVENTION

Whatever the prospect for recovery, the likelihood is hoteliers across the United States will need to remain vigilant against new outbreaks of the virus. In the short-to-medium-term, hotels

Eisen said breaking even by Q4 would represent a “stellar” performance. “The first step is regaining demand and occupancy, but once you do, how can you generate revenue off of that?” Eisen cautions against dropping rates to drive bookings. “It's not a rate issue, it's because people are worried about their health. You don't want to have to be in that position when you do come out of this to have to deflate your rates to such a point where you can't get them back up.”

An effective vaccine would remove the threat entirely, but vaccines typically take 12 to 18 months to develop. Of course, there is hope that the resources invested in the hunt for a vaccine could shorten that timeline, but there are no guarantees.

BABY STEPS

In the absence of that silver bullet, hotels will have to walk before they can run. Just as the federal, state, and local governments have outlined phased plans for the economy reopening, hotels will resume normal operations step by step. At each phase, falling case numbers and growing public confidence will allow hoteliers to scale back on some of the cautionary measures, moving toward a sense of “normality.”

Of course, the possibility of a second wave of COVID-19 will cast a shadow over the industry until a vaccine is available or evidence appears to suggest the virus has run its course. It's almost certain there will be localized outbreaks at least, perhaps even in places that were not affected in the first wave. A resurgence of the virus would lengthen the road to recovery, depending on the severity and geographical spread of a second wave.

will need to reinvent hospitality, at least temporarily to meet the demands of a world enduring a pandemic. “Luxury hotels are gonna have to literally rethink everything,” David Eisen of hotel market analysts HotStats said. “Customer service is very up close and personal, checking in on you, making sure that you're taken care, of whether it's your bag, drinks at the bar.”

The trick is to deliver the best, most personalized service possible while being uncompromisingly vigilant on safety, sanitation, and social distancing. “They're talking about cleanliness in a way that I've never seen cleanliness talked about before,” Eisen said. “Some of these protocol enhancements they're putting in, you'll see disinfectant wipes in every part of the hotel. You'll see cleaning just amped up in general.”

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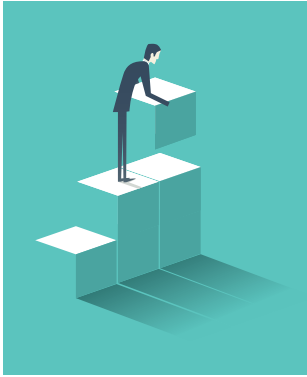


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However, at least hoteliers won't be caught off guard. "If there's another outbreak, the good news is that each local market has had some experience in what to do, whereas we didn't have that the first time around," Estis Green said.

If emergency plans are not already in place, that needs to be a priority. "What to do if they need to shut down in a hurry. What to do with the staff. How to notify anyone who has reservations for the upcoming three months," she said.

MJGRAPHICS/SHUTTERSTOCK.COM



DIFFERENT PACES OF A REBOUND

Another factor limiting a rebound could be the extent to which leisure travel is dampened, and not only by risk aversion. "I don't think there's a lot of discretionary income available right now," Eisen said. "We're seeing a lot of people who have been furloughed, or have lost their jobs outright."

Any economic recovery will be uneven in pace and intensity, not just geographically but potentially from one hotel to another. Regions and localities that experienced few cases of COVID-19 are placed to rebound faster. Confidence will return more quickly in those places, and group business will resume sooner, even if only tentatively. The areas worst affected, and especially New York City, will face a slower path back. "I think the economic drag is going to be holding everyone back," Ryan said. "But the virus-related drag will probably feel very specific to different regions."

Some categories of property will also fare better than others. Changes in travel preferences and patterns will help some properties and hinder others. Airport hotels will be affected if traveler confidence in air travel remains depressed. On the other hand, hotels near highways could benefit from an uptick in road trips and people driving for business.

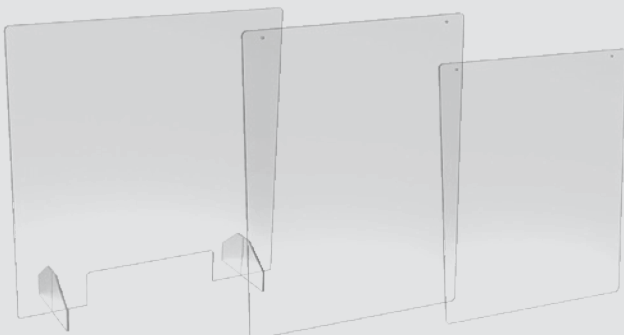
Fortunes also may vary depending on size and scope of service, Estis Green said. "I think some of the limited-service or select-service hotels will fare better, and their business will bounce back more quickly than some of the bigger hotels with a lot of meeting space who do a lot in corporate accounts," she said, adding that she believes the profile of AAHOA Member properties will tend to fare better, leaning toward more select service, secondary and tertiary markets and with more emphasis on local and regional business. "The big ones with a lot of meeting space are going to have a much a deeper reduction for 2020 and a longer recovery cycle," she said.

A related factor is the distinction between the recovery of corporate accounts and revenue from more local firms. Estis Green expects many global or national companies will be cautious about getting their business travelers back out on the road. "They don't want their travelers going out and getting sick, and they've taken a big economic hit in many industries, so they're trying to cut costs," she said. Having adjusted to working remotely for several months, some people may also be reluctant about resuming a hectic travel schedule.

Limitations on meetings will be a particular pain point for larger properties, depending on what proportion of their revenue comes from events. "There will be restrictions on gatherings of more than 30 people or more than 50 people or more than 100 or whatever," Estis Green said. In contrast, smaller and medium-sized companies with more streamlined organizational structures may be nimble enough to spring back with booking rooms and meetings.

Uncertainty is probably the only thing that hotel owners can count on for the remainder of 2020, and the industry needs to prepare for every eventuality. "Some people are approaching it where as a team, we need to plan for a situation where we're closed, a situation where we have 25 percent of the business we had last year, and a situation where we had 50 percent of the business we had last year," Ryan said. "And then, maybe one with 75 percent of the business of last year. I think that's a reasonable way of trying to think ahead." ■

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The post-COVID-19 financial impact of reopening the economy

by RUSHI SHAH

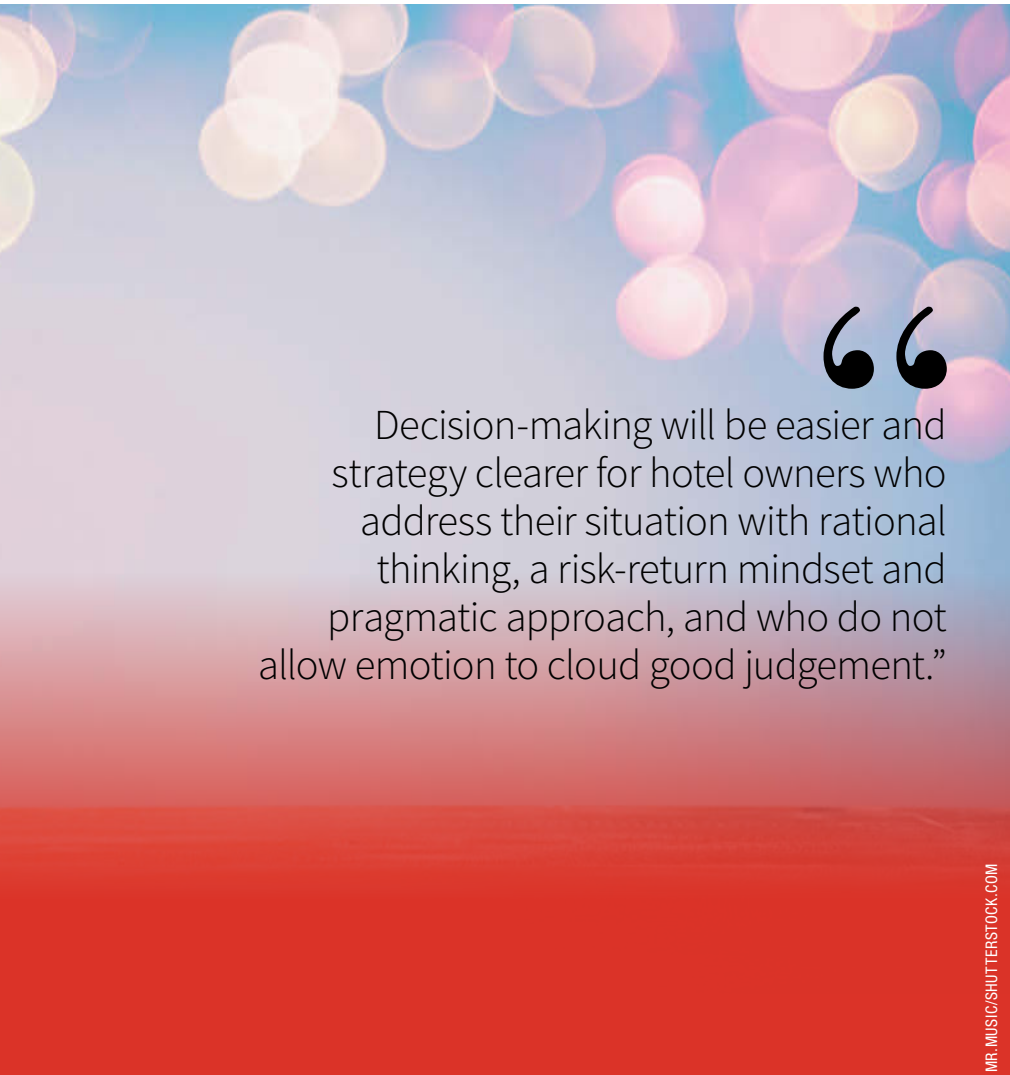
THESE REMAIN UNPRECEDENTED times. Our world has suffered a 25-standard deviation, or what's more commonly known as a black swan event. We are witnessing levels well outside any previous economic model's scope. To put this in perspective, most risk models predict a 10-standard deviation event. During a black swan event, there is typically a total loss of revenue. When standard deviations widen this much, it exacerbates valuation declines in multiples of the overall GDP's decline, mainly due to leverage. And wherever there is leverage, there will be pain. As a result, as a leveraged asset, hotels, and all other real estate must brace for impact.

Banks, lenders, bond holders, and other capital sources that provide debt

have a limited threshold for pain. They have agreed to returns of 4 to 6 percent and cannot accommodate months and months of non-payment. While many of these lenders empathize with hotel owners' extraordinary predicament and may be willing to grant 90 to 180 days of forbearance or payment deferrals, they must act in the best interest of their investors and shareholders. As a result, when it comes to offering further borrower relief, their hands are tied. Debt providers must do what is needed to trim their risk positions and shift the risk back to where it belongs, e.g., the original equity owners. Keeping all of this in mind, hotel owners can expect debt markets to continue to place pressure on them to either stay current on their mortgages or give back their

assets once the temporary demand shift has been righted.

By definition, hotels are assets backed by overnight leases. Historically, hotels have been valued with an 8 percent capitalization rate on a trailing 12 net operating income. The market supported this type of valuation metric due to a massive appetite for yield. In the quest for yield, hotel investors were willing to discount the negative effects of overnight leases. Looking forward, in the medium term there will be a process of price discovery. In the long run, hotel valuations are likely to bounce back. Valuations may not return to previous levels, however, because the market will likely need to assign a higher premium for the risk for a hotel asset. This will translate into a higher cap rate. In other



Decision-making will be easier and strategy clearer for hotel owners who address their situation with rational thinking, a risk-return mindset and pragmatic approach, and who do not allow emotion to cloud good judgement.”

MR. MUSIĆ/SHUTTERSTOCK.COM

words, hotel values will continue to suffer the consequences of COVID-19 for quite some time.

Looking ahead, we can also expect debt markets, including both recourse and non-recourse lenders, to view hotels through a more conservative lens. As we enter recovery mode, debt yield, which is measured as Net Operating Income (NOI) as a percentage of the loan amount, will be higher for hotel lenders and leverage on a typical hotel asset will be lower than pre-pandemic levels.

CURRENT MARKET AND FINANCING TRENDS

We expect Commercial Mortgage Backed Securities (CMBS) markets will start originating new hotel loans sometime in 2021.

Debt funds will also be back around the same time frame. The banks and other recourse lenders are likely to only lend on hotels with compelling borrowers with whom they already have a relationship. In the nearer term, hotels will be financed between 50 and 60 percent of the value at rates between 9 to 12-percent annually, using funds from hard money lenders or capital from lenders that don't rely on leverage to fund their loans. These will be lenders of last resort.

Rescue capital financing will be in critical demand for the foreseeable future. Most rescue capital lenders require well-located and lower-leveraged assets and are willing to lend six to nine months of debt service, tax and insurance escrow, and any operating shortfall. This relief comes at a high

15-percent interest rate with terms that make it easy for the lender to take over the asset if there is any event of default.

Another major market trend is a surge in note-buying opportunities. Based on their risk models, lenders are scrambling to sell loans most likely to default later at a discount to par value now, while the loans are still performing. Although no one knows for sure when or which hotels will recover, as we move further into the future and those hotels move further down the default path, lenders realize that today's 85 cents on a dollar discounted pricing could plummet to only 60 cents or even 50 cents on a dollar. There is roughly \$350 billion of capital set aside to take advantage of note-buying opportunities. Most of this capital remains sitting on the sidelines waiting to see which loans will perform and which ones will default.

DECISIONS HOTEL OWNERS WILL NEED TO MAKE

As hotel owners navigate the next phase of recovery, they will have a lot of tough decisions to make. Non-recourse borrowers will have to decide if they want to defend their assets or give them up. One clarifying question borrowers can ask themselves is, "Do I believe in my asset in the long run?" If the answer to this question is yes, then it is imperative that the owner does what it takes to continue to satisfy the loan. That may include putting out a capital call to any partners who have previously cashed out of these properties. Another strategy may be finding rescue capital. Owners should tread cautiously, however, as resorting to rescue capital may be as the old adage says, throwing good money after bad. This is a decision that hotel owners should think about carefully.

GOVERNMENT RELIEF PROGRAMS

The federal government and the federal reserve have stepped in and offered unprecedented policy intervention during these times. We continue to see the Small Business Administration (SBA) as a strong, viable lender and both the SBA 7(a) and 504 programs remain active. Because these programs require lenders to share some of the risk with the government, banks and

other SBA lenders are currently skittish about lending to hotel assets. We expect SBA lending will open once banks emerge from processing the highly administrative Paycheck Protection Program (PPP).

There is a new program from the federal reserve that may prove to be the hospitality industry's saving grace. Known as the Main Street Lending Program (MLSP), the supplemental program provides participating banks a 95-percent backstop

on new loan originations. Loans are full recourse with a 4-year term and rates from 3 to 4 percent. Early guidance suggests underwriting will be based on 2019

earnings before interest, taxes, depreciation, and amortization (EBITDA). Like most other government programs, however, the guidelines remain loose and it is still very much a work in progress. Most banks expect this program will be operational by early summer.

Hotel owners are dealing with a tremendous amount of anxiety as they navigate these ongoing and significant economic obstacles. But as society has done in the past, we will get through these dark times and find the proverbial light at the end of the tunnel. Decision-making will be easier and strategy clearer for hotel owners who address their situation with rational thinking, a risk-return mindset and pragmatic approach, and who do not allow emotion to cloud good judgement. Just like other entrepreneurs, hotel owners may find themselves progressing through psychological stages as they evaluate their situation and course of action. Those that avoid stalling in denial and instead move quickly to acceptance are likely to be most productive. Hotel owners also do not have to go through this alone. There are a tremendous number of resources, including experts in tune with market condition developments, who are ready to help with prognosis and solutions. ■

“

As hotel owners navigate the next phase of recovery, they will have a lot of tough decisions to make.”

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Rushi Shah is principal and CEO of the commercial mortgage and real estate investment banking firm and AAHOA Club Blue 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.



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Small businesses are essential for economic success

by ALFREDO ORTIZ



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JUST A FEW MONTHS AGO, small business was booming. Unemployment was at historic lows and the economy was humming. Andersonville, a historic neighborhood in Chicago, reported that in early March their storefronts were 94 percent full. Like other towns, this dynamic neighborhood thrives because of small businesses. It is representative of the larger business community in the United States and the success many were feeling at the start of the year.

But then the new coronavirus struck. Businesses were forced to shut down via government edict and tens of millions of Americans were laid off in a matter of weeks. Small businesses were particularly susceptible because of their thin budget margins.

Thankfully, the government worked quickly to extend a lifeline to assist small businesses through the economic uncertainty.

PROTECTION AND RELIEF

The Paycheck Protection Program (PPP) was the centerpiece of relief. As part of the CARES Act and additional funding later on, hundreds of billions of dollars were distributed to small business owners in the form of forgivable loans. The relief helped mom-and-pop shops stay afloat, while also keeping their employees on the payroll. With unemployment spiking, these loans – even with the program’s complications in the early stages – kept Main Street alive.

I have spoken to many small business owners who are grateful to the current administration and Congress for launching the program. Many of our members shared stories about how the funding enabled them to keep their doors open.

Take Dr. Chris Stansbury, a partner at West Virginia Eye Consultants. He said even as patient traffic and income slowed across their seven offices, the PPP funding allowed him and his partners to continue to pay rent and utilities while also keeping staff employed. Chris later shared his story with President Trump at the White House.

Another member, Kalena Bruce, co-owns a small business called Integrity Squared CPAs with her sister, and she also helps run her family’s farm in Missouri. Both businesses experienced financial loss after the virus hit. Thankfully, with the PPP funding, she did not have to lay off employees who had been working for her family for more than 20 years. Furthermore, like all businesses, the bills didn’t stop coming. This relief from the government has provided a short-term solution to keep her family’s businesses running.

The list of beneficiaries goes on and on. Millions of small businesses received a lifeline through the PPP. But Main Street needs our continued support. We’re not out of the woods yet.

ONGOING SUPPORT IS CRUCIAL

As local governments allow businesses to reopen, we will begin to understand – and come to terms with – our new normal. Consumers may be hesitant about frequenting crowded businesses and social distancing behavior will likely extend beyond the pandemic. Additionally, those who had planned to travel in the summer might be postponing their trips. With lockdowns in place since early March, it is hard to estimate how summer businesses will fare this year.

In the past few months, air travel has changed drastically. According to Cirium, a travel industry firm, 60 percent of worldwide commercial airline fleets were grounded. As restrictions are lifted, people might still feel uneasy about boarding a plane. After the events of 9/11, it took about six years for the airline industry to fully regain its balance.

While many people are eager to visit their favorite destinations, government restrictions might keep them from doing so. Moreover, those who look to hotels and resorts for summer jobs might struggle to find employment this summer. Past Bureau of Labor Statistics data has shown that in July, hotels typically hire more than 125,000 more people than the prior December.



Millions of small businesses received a lifeline through the PPP. But Main Street needs our continued support. We’re not out of the woods yet.”

THE NEW SUMMERTIME

This summer looks different from those of the past. Specifically, it has been a grave adjustment for entrepreneurs who rely on the warm summer months and increased tourism to run their business. Family-owned businesses, like Keansburg Amusement Park in New Jersey, will require time before they get back to normal business operations.

Additionally, many students depend on summer jobs or internships to earn some extra cash. Because of COVID-19, 83 percent of businesses reported they had to change their summer internship programs; more than 22 percent had to revoke internships all together. Summer jobs provide a necessary steppingstone for younger Americans to a future career. While some will be able to complete their work virtually, others will miss out on improving their skills and earning an income.

The pandemic taught us very quickly that the future is unpredictable. While we are still uncertain about what the months ahead have in store, the fact remains: When small businesses thrive, America thrives. Policymakers and individuals must do everything they can to ensure they weather the economic storm. Every American depends on them. ■

Alfredo Ortiz is the President and CEO of the Job Creators Network.

Nation works together to overcome unprecedented challenges

by ASIF LAKHANI



KELVIN DEGREE/SHUTTERSTOCK.COM

THE COVID-19 PANDEMIC BROUGHT UNPRECEDENTED LEVELS OF TURMOIL to the hospitality, travel, and tourism industries throughout the U.S., and hoteliers are feeling it bad. With no conventions, group meetings, or leisure travel taking place in the past few months, 645 U.S. submarkets showed a 100-percent decline in RevPAR in mid-April, according to data from STR.

While the situation is bleak, the industry still has some life: One in three economy-class rooms in the U.S. were still being sold in April, per STR. While better than nothing, the 33-percent occupancy rate falls far short of what hoteliers need to survive an economic downturn.

This column regularly details what tourism and travel bureaus in a specific city are doing in order to help hoteliers thrive in ordinary circumstances. Of course, the world as we knew it as recently as six months ago may never come back, but that doesn't mean it has stopped completely. Necessity breeds innovation, and right now, tourism and travel bureaus across the U.S. are doing all they can to help hoteliers in ways big and small.

Practically every tourism or travel bureau across the country has a page of dedicated resources directing people to local hotels that are open, restaurants offering takeout, virtual tours of its museums and iconic places, and other ways to participate in relief efforts. In a time of physical distancing, social interactions can still happen online, and it is the responsibility of these gatekeeping institutions to serve their communities in tailor-made ways based on what makes each of them unique.

The Explore Asheville Convention & Visitors Bureau also collaborated with a local hotel association to spearhead the development of the Buncombe County Tourism Jobs Recovery Fund, where \$5 million in grants will be used to help businesses reopen after shutdown. Applications for the fund were being accepted in late May. Local businesses and nonprofits that provide a "direct visitor experience" are eligible for grants of up to

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Necessity breeds innovation, and right now, tourism and travel bureaus across the U.S. are doing all they can to help hoteliers in ways big and small.”

\$50,000 to help with recovery, according to ACVB website.

Furthermore, the city has established the Asheville Pledge in which the safety of the community, visitors, and workers are the top priority. Doing so communicates a unified, understood way of operating in accordance with public health guidelines as restrictions are eased on the path to full recovery. Lastly, with some strategic planning, Explore Asheville was able to put some of its marketing campaigns on hold at the start of the pandemic and plans to use the millions of dollars it saved as a catalyst to kickstart tourism ad spending when the time is right.

“The challenge is when to invite people back to town because they may be coming from hot spot locations,” Brown said. She wasn’t speaking on behalf of hoteliers across the U.S., but she certainly could have been.

Elsewhere in the country, hoteliers are filing for federal Paycheck Protection Program (PPP) loans to minimal success rates. Multiple outlets report that just 9 percent of PPP funds went to hotels despite hospitality being one of the hardest-hit industries in the entire country. Those who have been fortunate to receive funds from the assistance program were having a hard time using it against the word of the law, which before the PPP Flexibility Act was signed into law, said 75 percent of the money received must be used to cover payroll and the rest put toward things such as debt services in order for the loan to be forgiven. On average, however, payroll accounts for far less of a hotel’s operating budget compared to the goods and services it offers, according to a report by Yahoo Finance. In early June, the PPP Flexibility Act changed many terms of the loan program, which is helping hoteliers around the country. AAHOA applauds the efforts of AAHOA Members and leadership for their tireless efforts to encourage the implementation of the critical legislation that will significantly improve the way hoteliers are able to seek PPP loan forgiveness, restrictions related to non-payroll expenses, access to payroll tax deferment, and more. ■

VISIT SACRAMENTO

Highlighted in February’s City Spotlight column, Visit Sacramento recently launched a new podcast on its website featuring conversations with local hospitality professionals and experts. Future episodes are slated to include hoteliers in California’s capital city who are preparing to reopen after being temporarily closed.

California was also the first state in the country to commit to the Project Roomkey initiative in which the homeless are offered free hotel rooms and meals to help slow the spread of the pandemic. Thousands of hotel rooms across the state are being used for the Project Roomkey relief effort. FEMA has agreed to cover 75 percent of the cost-share to make it work.



VISIT DETROIT

Visit Detroit has created a public Facebook group for tourism and hospitality professionals to gain access to unemployment resources, new job postings, and municipal initiatives that have been developed in response to COVID-19.



DES MOINES, IA

Catch Des Moines, whose swift and strategic marketing campaigns were covered in the May issue of *Today’s Hotelier*, recently unveiled its next resource to help hoteliers: “Buy Now, Visit Later” hotel bonds. As of mid-May, current residents of and future visitors to Iowa’s capital city can make a \$100 investment in a local hotel bond that will mature to \$150 within 60 days. The credit can be used toward a future stay at one of the nearly 30 hotels participating in the program.



PHOENIX, AZ

In the desert, Visit Phoenix organized a task force aligning resort and hotel team managers with member properties to help them execute administrative tasks such as rebooking meetings, sharing operational updates, and more. The goal is for hotels and resorts to use the Task Force “as an extension of their team.” Visit Phoenix is also selling “Together We Rise” T-shirts on its website and donating the proceeds to Another Round Another Rally, a nonprofit organization established to help hospitality employees endure financial hardship.



ASHEVILLE, NC

Located in the mountains of western North Carolina, Asheville has emerged as one of the hottest travel destinations in the Southeast in the past few years. The city also had the strictest lockdown restrictions in the entire state during the early stages of the COVID-19 pandemic. For example, only every other hotel room could be used. Fortunately, the pandemic struck during a lull in travel to the city, Explore Asheville President & CEO Stephanie Pace Brown said. In response, Explore Asheville approached the Buncombe County about creating a Business Response Plan and was given an opportunity to be part of the discussions on behalf of the tourism and hospitality industry in the area. The benefits included fair representation in the relief efforts and the ability to quickly disseminate information to impacted businesses via comprehensive webinars and toolkits.



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Becoming sensory friendly during COVID-19

How investing in accessibility now can pay off in the long run

by AUDREY COBLE

THIS IS AN UNPRECEDENTED time in global history. The market for travel reached an all-time low, and the future feels incredibly uncertain. But this pandemic has also proven to be the perfect opportunity to reflect and re-learn how to care for our communities, and how to connect with one another when things are difficult and stressful.

Serving and caring for guests is the heart of the hospitality industry. Though business is likely slow right now, this could be the perfect time for you to rethink your approach to how you attract and serve your guests.

By investing in the ability to serve a greater number of guests, use this time to learn how to tap into a brand new market, helping you rebound faster as the appetite for travel gets stronger.

THE NEED FOR ACCESSIBLE HOTELS AND HOW YOU CAN BENEFIT

One in every six Americans is affected by a sensory disorder. And sensory sensitivity can be an aspect of other common disabilities as well: Sensory Processing Disorder, autism, dementia, PTSD, ADHD, and more can all have sensory components.

According to Open Doors Organization (ODO), a non-profit dedicated to accessible

tourism and travel, the accessible travel market is growing by 22 percent per year, every year.

In 2015, ODO estimates people with disabilities spent \$17.3 billion on nearly 37 million trips for business and leisure. Additionally, because disabled people usually travel with families, companions, or partners, the real economic impact is even higher.

In the same study, ODO reports 76 percent of disabled travelers stay in hotels during at least one of their yearly trips,

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Serving and caring for guests is the heart of the hospitality industry. Though business is likely slow right now, this could be the perfect time for you to rethink your approach to how you attract and serve your guests.”

An Exclusive Opportunity for AAHOA Members

AAHOA, in partnership with Sensory City, is offering AAHOA Members who are interested in Sensory Awareness Training an exclusive 20-percent discount to earn their certification. The training teaches hoteliers and their staff how to best accommodate those with invisible disabilities, how to increase awareness with respect to sensory processing disorders, and how to reduce stigma and judgment — yielding a less stressful and more comfortable experience for all. Use the code AAHOA20 at checkout to claim this discount. Learn more at bit.ly/AAHOASensoryCity.



Publicizing all the ways you've worked hard to make your business sensory friendly is the only way that guests will learn about what you can offer and decide to stay with you."

despite nearly half of them experiencing difficulties staying at hotels.

ODO does not break their statistics down based on the type of disability the participants experience. But, it's safe to assume that a number of these people deal with sensory sensitivity.

That number doesn't even count adults and families who don't travel due to sensory issues.

A Family Travel Association and IBCCES study showed that 87 percent of families with one or more autistic children don't take family vacations at all due to lack of accommodation, and 89 percent of families with autism are not satisfied with current autism-friendly travel options.

However, 93 percent of parents surveyed responded they would be more inclined to travel if autism-certified options were available.

Based on these numbers, Boston-based non-profit Sensory City estimates the potential revenue from tapping into these markets could start at \$4 billion.

LOOKING AHEAD

Once you've done the hard work of shifting your expectations and approach toward serving disabled travelers, then it's time to look at physical accommodations that can help set you apart from your competitors, too.

For example, Sensory City offers virtual "sensory suite" consultations for building sensory-friendly spaces. The custom consultation covers lighting, sound, and

SETTING YOURSELF UP FOR SUCCESS

Here's what you can work on as we head toward recovery to better your chances of coming back even stronger than before.

- 🕒 Update your employee handbook:** Build your commitment to accessibility right into the employee conduct guidelines of your business. Consider adding a section in your handbook that describes how to approach assisting guests with invisible disabilities. For example, you might create a "call list" of staff members who are familiar with de-escalation strategies for sensory meltdowns, encourage front desk staff to offer/use simple communication boards with nonverbal guests, or prompt staff to offer extra blankets, sheets, and towels to families traveling with sensory-sensitive children.
- 🕒 Participate in a staff training:** You might not have a complete staff right now, but your core team could still benefit from taking an industry-specific staff training. Sensory City, for example, offers a 100-percent virtual online training to help staff learn what challenging sensory issues look like, how best to communicate with people who have invisible disabilities, and de-escalation strategies for sensory meltdowns. Your team members may appreciate the professional development opportunity (and the distraction from COVID-19). Once you have the capacity to re-hire again, you'll have a trusted team to lead the way to an improved experience for disabled guests.
- 🕒 Create a sign or a notice letting guests know what amenities you offer:** Granted, this one can't take place until you've got your accommodations in order. But, once you're confident you can provide accommodations for travelers with sensory issues, let people know! Publicizing all the ways you've worked hard to make your business sensory friendly is the only way that guests will learn about what you can offer and decide to stay with you. You might even consider adding an "accessibility" page to your website that lets guests know what sets your location apart from your competitors'.

furniture choices, along with other central considerations when building a sensory-friendly calming room. (Check out the Calming Room that Kalahari Resorts & Conventions just installed, for instance.)

You could consider introducing sensory-friendly items like weighted blankets, earplugs, fidget toys, noise-cancelling headphones or white noise machines, or carrying a selection of snacks free of common allergens and restrictions like dairy, gluten, soy, and sugar.

This is a difficult and strange time for everyone, but you can still make the best of it. Revisit your business's mission and

reflect on how you can take this time to do things differently and more inclusive. Investing now in strategies to better care for underserved guests means setting yourself up for a quicker recovery and setting yourself apart from your competition. ■

Audrey Coble is the content strategist for Sensory City, a Boston-based nonprofit with a mission to promote accessibility in the hospitality industry and beyond. Audrey has worked in hospitality since 2016 and graduated from CUNY in 2019 with a M.A. in Disability Studies.

Three Cs to consider while preparing for the ‘new normal’

Implementing hotel technologies today that facilitate Communication, Cleanliness, and a Contactless experience will ensure a healthy tomorrow

by GREGG HOPKINS



KARSTEN NEGLIA/SHUTTERSTOCK.COM

IT'S NO SECRET THE HOSPITALITY industry is among the hardest hit economically due to the COVID-19 pandemic. Although operators will argue revenues are down so they can't afford to invest, now – when occupancy is still relatively low – is an excellent opportunity to prepare for the “new normal” and ensure your property is competitive and meeting the needs of guests as travel resumes. There are three Cs to consider during your planning.

1 COMMUNICATIONS

If this pandemic taught hotel operators anything, it's real-time communication with employees is critical, especially when business halts and workers are put

on furlough. Most people manning the frontlines don't have a company email address, and although human resources may have an updated physical address, phone numbers or personal emails may not be accurate. Forget about phone calling. It's time-consuming and connecting is random. The only way to truly remain engaged with employees – keeping them updated on new policies and rehiring plans – is to implement an employee communication platform. Here is why it's important...

COMMUNICATION = BETTER RETENTION

There is no guarantee as hotels reopen that employees will return. How well an employer communicated during the shutdown will determine if an employee wants to come back. If an operator closed its doors and said, “See you later,” chances are high that management will probably have a lot of rehiring to do – and that costs money. Putting a mobile-first communication plan in place will enable hoteliers to reach every single employee regardless of their job position, and it will go a long way toward building loyalty. Some technology providers are offering free roll-out of their solution for a limited time. With this type of financial assistance available, hoteliers can get the tools they need today to be successful tomorrow.

SAFETY-FIRST MINDSET

While real-time communication is essential, operators also should do everything they can today to keep workers safe as they return. That includes adding employee safety devices or panic buttons that enable service workers to call for help during an emergency. Whether a housekeeper is in danger of sexual assault or a room-service attendant discovers a guest is in medical distress, investing in safety alert technologies speaks volumes toward a company's integrity and the empathy it shows to employees. If given the choice to work at a hotel with panic buttons or without, my guess is safety will win hands down.

There also is a huge social responsibility component to employee safety. By the end of 2020, more than 60 hotel companies representing 20,000 properties have pledged

to add employee safety devices through their commitment to the American Hotel & Lodging Association's 5-Star Promise initiative. While participation is voluntary, legislation in New York, New Jersey, Miami, Illinois, Washington, Las Vegas, and California is mandating implementation. Help is available to offset the costs associated with these safety installations. Here again, hoteliers wanting to step up their safety protocols can receive several months of free service with deferred payment terms if they sign up soon.

When workers are equipped with panic buttons, it does much more than just deter crime; it stops negative reviews from popping up, it adds integrity to the brand/property, and it makes the hospitality industry stronger overall.

2 CLEANLINESS PROGRAMS

Most of the major brands and organizations have already published standards for cleanliness post-COVID19. As part of this effort, it is important that hotels document their compliance with these programs and provide guidance to their staff in performing the program. Technology can play a role in meeting these new standards.

OPS MANAGEMENT

Operations management technology, for example, providing housekeepers with checklists to complete tasks while cleaning a guestroom or public area, is an ideal way to ensure that each space is sanitized. Task information is stored in the system to provide management with records that the process has been completed and which employee completed it. AI solutions like this can reduce the amount of direct employee communication with guests by directing service requests via text message to the appropriate department. “Fee per occupied room” models are now available to assist hotels in the recovery. The more assurances a hotel can give travelers that its facilities are virus free and that reduce contact with employees or other guests will put us on a faster track to recovery.

Which leads me to our final C...





Whether a housekeeper is in danger of sexual assault or a room-service attendant discovers a guest is in medical distress, investing in safety alert technologies speaks volumes toward a company's integrity and the empathy it shows to employees."

3 CONTACTLESS CUSTOMER JOURNEY

As doors reopen, hoteliers have a new opportunity to remarket themselves. Travelers will return and it's more important now than ever before that hotels capture market share. If a hotel struggled to compete prior to this pandemic, now is a great time to emerge even stronger than the competition. Adding new technologies that provide guests with a "contactless" experience will increase satisfaction and add differentiation in the market.

VOICE TECH

Consider voice technology: There is no better time to implement a voice-enabled communications platform than today. During this time of quarantine, people have become even more reliant on smart speakers with voice assistants to give them the information they need on voice command. Research from Omdia shows that in first quarter of 2020 alone, 300,000 more smart speakers shipped to consumers in North America over the same period last year. With smart speakers becoming part of people's daily routines, it's important hoteliers embrace voice technology.

CLEAN TECH

There also is a cleanliness component here. As travel resumes, hotel guests are not going to want to touch in-room thermostats, telephones, TVs and remotes, HVAC systems, bedside alarm clocks, etc. They would rather just speak commands as they did at home to control the environment by saying things like "Alexa, turn on the TV and turn off the lights," or "Hey Google, close the drapes, lower

the thermostat, and ask the hotel to set a wake-up call for 6 a.m." Financial assistance is available from suppliers in the voice arena as well. Hotels that add conversation-management software in the second quarter will not need to make payments until 2021. Key to identifying the best voice technology partner is finding one with multiple integration partnerships with IPTV, room control, energy-management, staff alert, and work-order management systems. When properly implemented, voice assistants will become powerful and highly secure business tools that boost operational efficiencies, influence guests' behaviors, and drive much-needed revenue.

CONSIDERING REVENUE

One of the best ways to slash costs and operate leaner in the days ahead is to implement smart energy-management systems that reduce energy consumption when rooms are unoccupied. Energy consumption is a hotel's most significant operational cost, comprising as much as 60 percent of utility expenditures. Implementing smart EMSs will not only reduce costs, but it also will improve overall guest experiences.

Some smart solutions use machine learning to continuously analyze the data collected from sensors, historical thermodynamics, and local weather patterns to optimize energy consumption in real-time, all year round. The ROI generated from some systems is so significant that financial returns can be realized in 12 to 24 months. In some cases, adding an EMS can even increase the resale value of a hotel. With such cost-saving potential, smart HVAC technology simply cannot be overlooked by hotel operators.

Let's not forget the contactless application of EMS. Most smart energy solutions feature a mobile app that enables guests to control room temperatures from their personal smartphones. So, in addition to cutting costs post-pandemic, hoteliers can increase occupancy by appealing to guests who want an experience that is high tech, not high touch.

START NOW

Using downtime to add new solutions like these is the ideal time because there is no disruption to service – rooms aren't taken out of inventory and guests don't need to deal with potential construction noise. More importantly, satisfied guests will lead to an increase in positive online reviews.

Any technology that will help lower operating costs and drive crucial revenue through guest purchases should be considered and rolled out today while occupancy is low. Following these three Cs will provide the guidance operators need to prepare for the "new normal." ■



Gregg Hopkins is Senior Managing Director, Business Development and Marketing for PROvision Partners. Over the past 40+ years, Hopkins has served as a committee

member of select industry associations and a member of various boards of advisors and hospitality technology organizations.

Founded by industry veterans in 2019, PROvision Partners provides its clients with real-world insights on revenue growth strategies, transformation program implementations, technology and distribution solutions, and go-to-market capabilities on global scale. For additional information, please visit www.provision-partners.com.



The top three marketing and branding lessons we learned from COVID-19

by MARK NATALE

MY LIFE GRAPHIC/SHUTTERSTOCK.COM

YOU'VE SPENT MONTHS, years, and maybe even decades developing a brand that gets you noticed, differentiates you from your competitors, makes people desire your services, and ultimately allows you to charge more money for your offering. Despite the current challenges that have unfolded due to COVID-19, now is not the time to stop adhering to your brand standards. In fact, you should now double down on your commitment to your brand. More than ever, people are looking for dependability, stability, and safety, which presents an opportunity to let your brand shine. How, you may ask? Here are a few key learnings that you and your brand can begin to implement into your branding and marketing strategies moving forward.

LESSON #1 DO NOT ABANDON YOUR BRAND.

No matter how crazy things get, do not deviate from your brand. Times like these are exactly why brands exist: consistency and trust. For a great example of this, we can look to the cruise industry. Although many cruise ships were docked at sea as travel restrictions were placed in the beginning of COVID-19, they still managed to find a way to keep up with engaging content and leverage user-generated images. This strategy allowed them to remain relevant in a moment there was no movement in the industry. In their social media strategies, cruise lines understood what platforms their audiences were most receptive to and they prioritized these avenues. During the peak of COVID-19 and still now as we

work through recovery, hotels and travel destinations may not yet have a set date as to when travelers will be able to plan their next trip, but it's critical that they make sure that when it does happen, they are just as ready as they were before. Ahead, you'll find specific examples on how to do just that.

LESSON #2 SHARE PRACTICAL CONTENT TO REMAIN ENGAGED WITH YOUR FOLLOWERS AND LOYAL GUESTS.

One way to continue that level of communication is through your e-newsletters. Instead of halting your efforts, hotels can craft lifestyle content such as sharing lists of movies to watch, recipes that guests can recreate at home, at-home spa tips, and interactive family focused activities, among other topics. These informative newsletters can be shared on a weekly or bi-weekly basis so subscribers can associate your brand as an informative resource. As you begin to grow retention, subscribers will begin to keep you top of mind and it will be much easier to segue into the normal pace of scheduled promotions.

LESSON #3 AVOID EMPHASIZING SALES AND FOCUS ON THE WELL-BEING OF YOUR CUSTOMERS.

This ties into being mindful of the current situation, as millions of Americans, and perhaps many of your own employees, have been laid off and continue to seek unemployment benefits. It's not about selling during a crisis, but it is about positioning yourself as a resource. People

are going to be cautious but also hungry for experiences after the long period of staying at home. As you near a reopening date, hospitality brands specifically can further communicate their flexible cancellation policies and rigorous sanitation procedures to bring a sense of comfort to their customers.

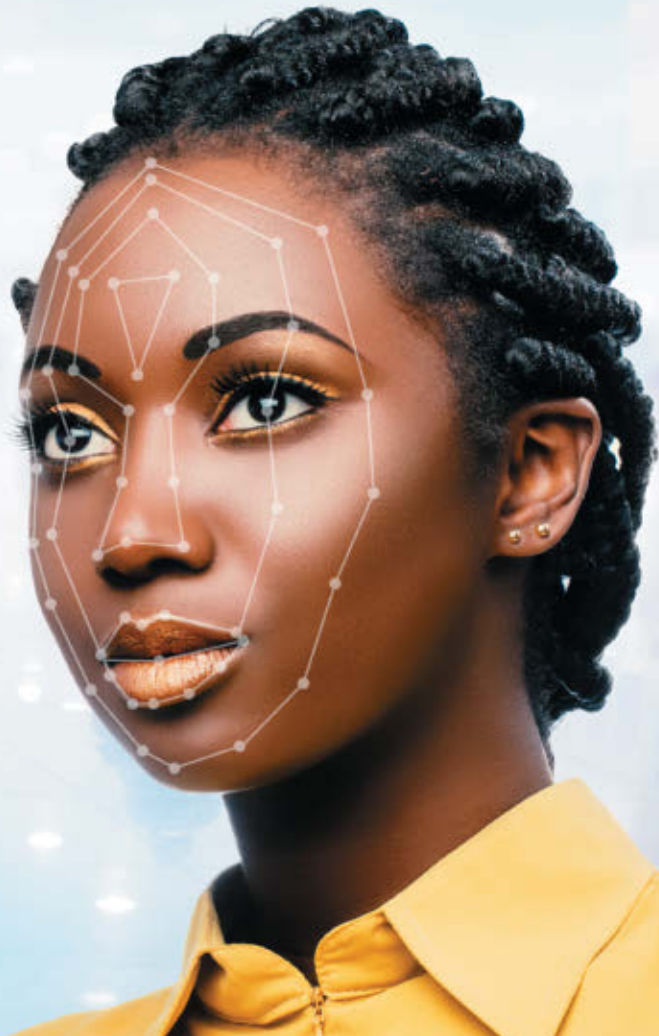
It has been impactful to see how communities, organizations, and hotels have come together to provide for those in need. The hospitality sector has been hit tremendously hard by the pandemic, and as we prepare and resume operations and welcoming guests to our establishments, we can continue to move forward by implementing these practices through our strategies. Remaining engaged with your followers and customers goes beyond the typical follow-up calls; it's about genuinely being there for them during moments like these that can make all the difference. Brand your personal protective equipment, keep your brand tone of voice, and ensure that your brand promise is being delivered in everything you do. ■



Mark Natale is the chief executive officer of Smarthinking Inc. At the tender age of 6, he stumbled upon the band Kiss and their album "Destroyer." From that moment on, he's been all about brands. Smarthinking Inc. is an award-winning integrated brand development agency with a distinct focus on real estate and hospitality. Please visit www.smarthinkinginc.com for more information.

Using facial recognition to renew trust in hospitality

by GEORGE BROSTOFF



KARELNOPPE/SHUTTERSTOCK.COM

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In addition to replacing all of the regular touchpoints that come from staying at a hotel, facial recognition can be employed in all scenarios related to the hotel experience.”

WITH SOME BORDERS CLOSED and travel discouraged, it's no surprise that during the COVID-19 pandemic, the hospitality industry was one of the hardest hit. Hotels are on pace to lose more than \$500 million in room revenue, airlines have suspended or reduced services, and the hospitality industry experienced the highest number of job losses in the U.S. As small businesses receive relief from the government to lessen the effects of the pandemic, the hospitality industry still remains in a difficult position. Even as the economy reopens, there is no specific timeline on borders reopening, making it difficult to predict when the industry will resume with their normal revenues or services.

The other effect of the pandemic will be determining what “normal” looks like in a post-pandemic world. After months of stay-at-home and social-distancing orders, people may be hesitant to resume normal activities, such as public gatherings, even as governments give the all clear. They also will be increasingly wary of health and safety after months of being told to wear masks and not touch public surfaces. Industries that are more scrutinized for their hygiene measures will have to gain the public's trust and assure them they are doing all they can to keep their customers and staff healthy. For the next year, these measures will be top of mind for the public as they navigate the new normal. For hotels, facial recognition technology can

be used to improve public perception and help guests regain trust in the industry.

TECHNOLOGY AND HOTELS

Over the past few years, hotels have begun to implement technology to improve the guest experience. Smart and IoT technologies have been implemented in rooms to save guest settings – such as preferred temperature or alarm settings – each time they visit certain hotel chains or locations. Data has also been implemented to help create personalized experiences for guests. As more guests become accustomed to smart technology in their homes, hotels should match these expectations to maintain a competitive advantage. Implementing facial recognition software to maintain hygiene could be a logical next step for reopening post-pandemic.

BIOMETRIC TECHNOLOGY

Biometrics have long been identified as a secure option for access to accounts, technology, and buildings. Fingerprint authentication was the first form of biometric identification to appear in technology, and although it is not standard in most hotels, there have been many discussions on the benefits of fingerprint authentication for check-in or room access. Unfortunately, the COVID-19 virus has tabled these discussions, as this highly contagious disease can easily be spread through contact with surfaces, and fingerprint authentication still relies on common touchpoints. What if there was a way to eliminate touchpoints and replace them with hands-free access that is safer, more hygienic, and more convenient for guests?

FACIAL RECOGNITION FOR REDUCED TOUCHPOINTS

In a typical hotel experience, there are many touchpoints for guests to gain access to their room. When parking or using a valet, guests need to get a ticket from the machine or hand their keys over to the valet, along with a tip. Inside the hotel, there is paperwork to sign and credit cards and keys to exchange. After that, there are more common surfaces,

The solution to allowing hotels to reopen without jeopardizing the health of guests and hotel staff is a full, no-contact experience from the moment guests pull up to the front door until they enter their rooms.”

such as elevator buttons and door handles. This means throughout the check-in process, there are at least 10 common touchpoints that can carry the virus. Even with the highest cleaning standards, the virus could be carried into any hotel at any point, making even the most hygienic hotel at risk. The solution to allowing hotels to reopen without jeopardizing the health of guests and hotel staff is a full, no-contact experience from the moment guests pull up to the front door until they enter their rooms.

With facial recognition, touchpoints can be eliminated entirely while still maintaining security and ease for hotel guests. As more people rely on masks to reduce the spread of the disease, 3D facial recognition software can still be employed. Sophisticated facial recognition software uses depth perception to create a digital face scan. Even if the face is obscured by a mask or by lack of lighting, the latest advancements in this technology make it secure. The key to doing this is to create a digital profile for each guest upon booking the room through a virtual wallet tied to a facial-recognition app. Guests can simply take a photo of themselves on their phone or laptop, associate it with a credit card and a form of ID, add their vehicle information and other relevant data, and they're all set. From that point on, all transactions and interactions are enabled even before a guest arrives. Not only does this make for convenient setup, it puts the guest in complete control, addressing the privacy concerns that have plagued biometrics like facial recognition.

In addition to replacing all of the regular touchpoints that come from staying at a hotel, facial recognition can be employed

in all scenarios related to the hotel experience. When a guest books an accommodation and creates their digital profile, all necessary information can be accessed by the hotel. When they park their car, the license plate is registered, eliminating the need for a physical parking ticket. Upon arriving, a kiosk can check in guests, tie their facial IDs to their rooms and keys, and save all credit card information to guests' rooms. The entire check-in process can become automated. Elevators can use the same facial profile to let guests onto the appropriate floors and a camera-enabled lock can verify identities to open the right doors automatically. Not only does this increase hygiene, it also ensures security by controlling which parts of the hotel each guest can access.

RENEWING TRUST

Hotels must act quickly to keep guests and staff safe and improve the public perception of their hygiene measures. Technology to accomplish this already exists and has been deployed in other industries for years. To make this vision a reality, hotel owners and managers need to understand that the old “normal” will not be good enough to renew trust in the industry. Facial recognition technology could be exactly what's needed for guest safety and for peace of mind. ■



George Brostoff is CEO of SensibleVision, which makes facial-recognition software. Brostoff has seven U.S. patents and has developed technology used by Dell and other major companies. He can be reached at george@sensiblevision.com.

How technology will help hotels restart, run, and grow post-COVID-19

by ADAM HARRIS

THIS IS ONE OF MY FAVORITE times of the year. The whole community is normally full of bustling bars, restaurants, and boardwalks as millions of tourists flock to San Diego, one of the best summer travel destinations in the world. Sunshine and 72-degree temperatures normally act as a nice reminder that our international headquarters is nicely situated in paradise. Over the past couple of months, as I carefully ventured out of my remote office for the essentials, my beloved travel destination felt eerily quiet.

Every hotelier I have spoken with is asking themselves the same question right now: How many months until we return to normal? Where are my guests coming from throughout the rest of 2020? How is travel going to look in the future? And will my market see enough demand to reach break-even occupancy levels? The unfortunate reality is that most forecasts are predicting 2020 occupancy to fall to levels we haven't seen since the post-2008 global financial crisis for the rest of the year.

There is zero doubt the travel industry will rebound and eventually even surpass previous demand levels globally, but until then, hotels across the nation will be forced to rely on precariously tight margins to remain open. It is during this period hoteliers will turn to technology-centric operations to provide the best possible guest experience and services. Savvy operators will want to do so with as few partners as possible and, more importantly, with the right partners.

Understanding who our remaining guests are is crucial right now, and in our

search for answers, we can look at past large-scale disruptions and historical data to make some predictions regarding the virus' potential impact. Post-9/11 and 2008 financial crisis data shows us that leisure travel recovered first, followed by corporate travel, with group business returning last.

With various social distancing restrictions in place, it is uncertain if group business will recover as quickly as it did in the past. With much of the country adapted to remote working conditions and Zoom becoming a household name, the corporate business may also be sluggish to return.

GETTING PERSONAL

Knowing your guests in any market condition is critical to future success and the evolution of property services. For example, last year my property may have had a nice even blend of guest profiles, including international, group, corporate, and domestic leisure. Today, government restrictions and even disruptions in flight routes may make visits from a few of these profiles impossible or heavily reduced. The challenge facing the majority of hotel operators right now is they are unable to fully drill down into their data to see who their key guests are. The main reason is that majority of properties globally still use on-premise technology to run their business that rarely connects to the cloud or communicate with other systems without prohibitive costs for most businesses.

Without a cloud-based, unified platform managing the day to day and interacting



“

Understanding who our remaining guests are is crucial right now, and in our search for answers, we can look at past large-scale disruptions and historical data to make some predictions regarding the virus' potential impact.”



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If a hotel can accurately budget for its demand mix and Total RevPar, it is possible, with the right technology, for very limited staff to operate some properties at sub-30-percent occupancy.”

with other APIs, hotels will not be able to fully understand their guests and ultimate journey to their property. This is relevant to operations today because I can quickly reduce my forecast assumptions given who I know *can* visit my property, and without this data, I may make decisions that could lead to unnecessary insolvency.

The same can be said for ancillary revenue channels such as F&B, event, and amenities services like spa offerings. Many of these areas will be at the mercy of local legislative requirements, and hotels may have to shift to how they calculate Total RevPar per guest, which will drive operational margins. That said, this also is an opportunity for operators to give their properties some personality by repackaging these into new forms of to-go orders or even providing additional alternative amenities or supplies.

If a hotel can accurately budget for its demand mix and Total RevPar, it is possible, with the right technology, for very limited staff to operate some properties at sub-30-percent occupancy. This may be a necessity for many months to come as some travelers wait for the development of a COVID-19 vaccine to materialize.

HANDS OFF

It's safe to say that COVID-19 is accelerating guests' interest in a touchless-stay experience. Travelers already wanted to forego the front desk queues, especially around check-in and checkout. Like airlines have seen with app-driven e-tickets, most consumers want all their information texted or emailed to them without handling a physical key.

Ideally, your hotel should be able to send a message to each guest prior to their stay, offer pre-stay announcements, upsells, and a path to pre-register with access to a digital key for their guestroom. Without technology capable of interfacing with

third-party or proprietary tools, it is very difficult to offer this sort of travel experience. Properties like Bode, which operates hotels in Nashville and Chattanooga, TN, are already doing this today, enabling them to be operational considering current circumstances and provide assurance to guests.

This isn't new and has been around for years, but connectivity has often been limited. Many early adopters of the kiosk check-in experience, such as CitizenM, are still unable to drop their kiosks and go fully mobile due to the limitations of their underlying PMS technology.

Furthermore, if hotels are forced by future mandates to go completely touchless, many could be unable to fulfill this simple requirement, marooned using technology like the example above.

Hoteliers may be concerned that keyless entry removes some of the best touchpoints used to build a guest profile, but they should also consider the importance of removing friction points limiting a positive guest experience. Travelers dislike waiting at the front desk during the check-in process, and there are more effective times and locations on property for face-to-face interactions with guests. By removing and automating check-in, hotels will have more freedom to create stronger touch points while also improving the guest experience.

PREPARE FOR THE UNKNOWN

Travel will return and destinations like San Diego will be bustling again. We don't know how soon and we don't know how it will look, but it will undoubtedly return. Hoteliers must be equipped with a toolbox that's flexible, agile, and cloud based. Pritesh Patel, GM of Hotel Pommier in Iowa, is thinking into the future and converting his larger suites into flexible use, including longer-term vacation rentals.

With a unified system, he can easily sell different room layouts and distribute this inventory across channels seamlessly. A hotel's technology must be ready to help, not hinder, you in a world that is continually changing.

We are not alone in this belief. Even our friends inside the industry's biggest brands are reacting to the increased need for connected technology. Accor and IHG are both building a unified PMS, central reservations system, and booking engine to provide their hotel partners with stronger control over their properties and guest data.

For independent and boutique hotels, there is no time to wait. As a hotelier, the question will no longer be "Do I have the right tech stack?" Instead it will be "Will my tech partners be relevant in two years? Are my technology partners not only stable but also innovating?"

Hotels have been investing in technology heavily over the past cycle, more than they ever have in the past. Now, it is time for this technology to step in and do what it can to sustain your property until the market stabilizes and ultimately sets you up for future success.

The industry is stronger together, and we are standing by to do our part. ■



Adam Harris is the co-founder and CEO of Cloudbeds, the software solution to help hoteliers and hosts effectively run all aspects of their hospitality business in

one place. Today, Cloudbeds is recognized as one of the fastest-growing travel technology companies, powering more than 20,000 hotels, hostels, inns, and vacation rentals in 157 countries. Adam started his career as an investment banker until his love of entrepreneurship and travel pulled him from Wall Street to found multiple technology start-ups.



Back in business

Legal considerations for bringing employees back to work

by NIKHIL N. JOSHI, ESQ.

HOSPITALITY EMPLOYERS are preparing and bringing back workers or hiring anew. When putting together their return-to-work plan, hotels must account for (1) the Occupational Safety and Health Act (OSHA); (2) anti-discrimination laws; (3) the Americans with Disabilities Act (ADA); (4) the Families First Coronavirus Response Act (FFCRA)/the Family and Medical Leave Act (FMLA); and (5) time off/vacation/sick policies, among other issues.

OSHA

Employers must provide employees with a safe working environment (and their guests with safe accommodations as well). OSHA has the authority to investigate complaints of unsafe work environments. OSHA investigators are authorized to review an employer's efforts to comply with the CDC guidelines, whether specific for an industry or other general business guidance relating to COVID-19. To avoid unsafe workplace claims, while on duty, employers should ensure employees observe infection control practices and continue to adhere to social distancing, handwashing, and other CDC recommendations. Employers also should assess whether masks must be worn, and, if so, what additional requirements may be applicable such as additional training.

ANTI-DISCRIMINATION

Many hotels may return employees in waves, depending on operational or seasonal needs. Those employers must ensure decisions made are based on legitimate, non-discriminatory reasons. Title VII of the 1964 Civil Rights Act, the Age Discrimination in Employment Act, and many state EEO laws apply to all employment decisions, including who to bring back to work. Employers must avoid making decisions on who to return to work based on age, national origin, religion, gender, pregnancy, or other protected characteristics.

ADA

With respect to disability law in the workplace, even though the ADA remains applicable to employment decisions, as of now, the Equal Employment Opportunity Commission (EEOC) – the federal agency in charge of enforcing EEO laws – is providing employers with greater discretion when bringing back employees. Employers are now permitted to require employees to submit to a COVID-19 test before returning to work and are permitted to take other precautions because employees with COVID-19 would pose a “direct threat” to the worksite.

FFCRA/FMLA

Opening after a short-term shutdown will not generally relieve the employer's responsibility to provide employees with leave required

by the FFCRA. Such leaves are still required for qualifying individuals through Dec. 31, 2020. Critically, as of recent guidance, the paid leave for either are not included in the payroll costs handled through the Paycheck Protection Program (PPP), and, unlike payments for other types of leave, will not count toward loan forgiveness.

PTO/VACATION/SICK LEAVE

If employers have time-off plans, is there a need to temporarily freeze usage? Do employees on layoff have any remaining time off? If yes, can they carry over any accrued time off? Will employees not returning yet be forced to use accrued time off? The EEOC has issued guidance on managing employees reporting illness, taking time off due to illness, or subsequently returning to work following illness. ■

A Florida-Bar, Board-Certified Specialist in Labor and Employment Law, Nikhil N. Joshi, Esq. has exclusively practiced labor and employment law since 1997. Joshi represents and defends hospitality employers such as hotels in federal court, state court, and in front of administrative agencies. He also handles employer labor relations, including collective bargaining, and anti-union campaigns. Joshi has lectured and presented to various professional, civic, and charitable organizations, including the AAHOA Convention & Trade Show.

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AAHOA MEMBERS IN ACTION

1. AAHOA CEO & President Cecil P. Staton shared his plans to continue growing AAHOA's membership, and the leadership he brings to the role during his episode of Hotel Business's quarterly video series.



1

2. AAHOA Lifetime Member Prakash Saraf, along with his son, Neev Saraf, 13, and family, run a non-profit, Friends of Sparsh, which donated more than 7,000 pounds of non-perishable food items and about 900 meals to the homeless community in one month.



2

3. AAHOA Ambassador Jay Kumar and his company Kumar Property Holdings partnered with US Foods and the City of Lake Charles, LA, to supply and operate a pop-up food bank, providing 45 churches with enough food to feed 1,500 families for a week.



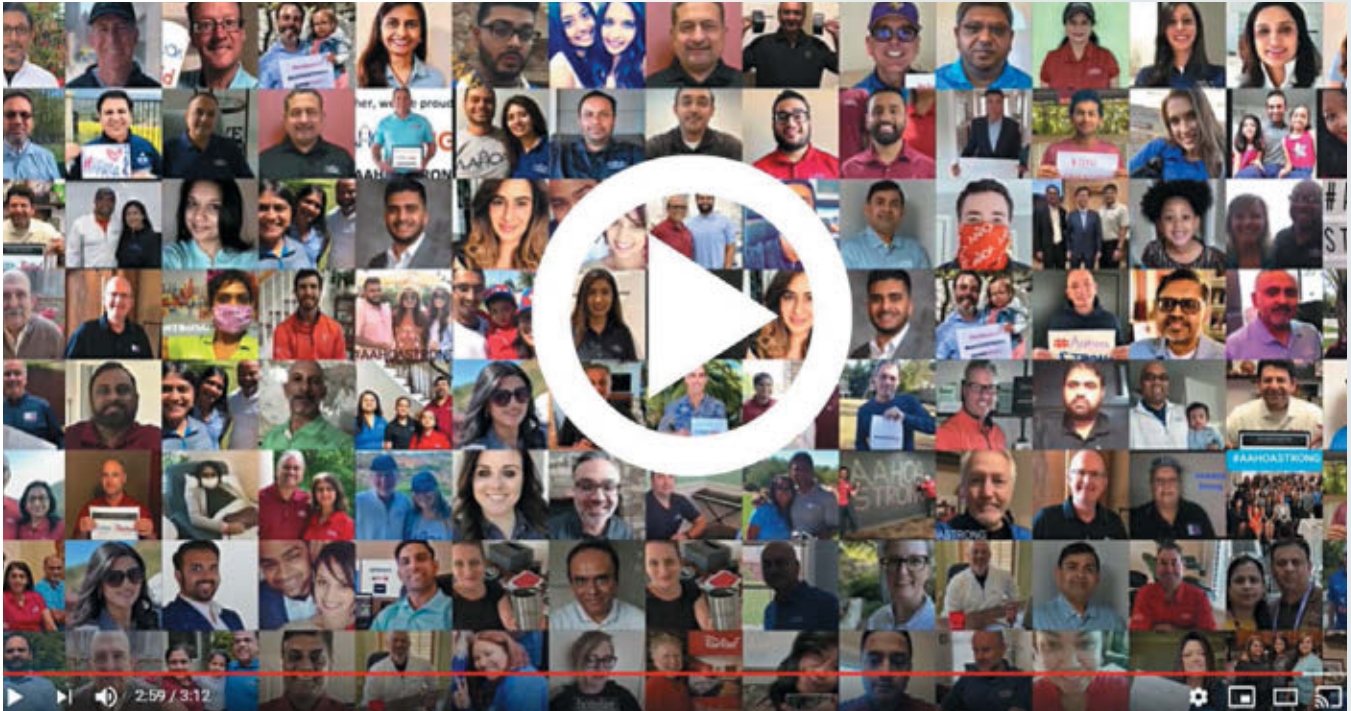
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4. AAHOA Secretary Nishant (Neal) Patel and other Texas hotel owners Avi Patel, Harry Patel, Kiran Patel, Meena Patel, Navin Patel, Nikunj Patel, and Priyanka Patel donated 2,000 masks to Ascension Seton Williamson and have committed a total of 25,000. Their goal is to hit 500,000 donations across the nation as a part of the #HospitalityStrong campaign.

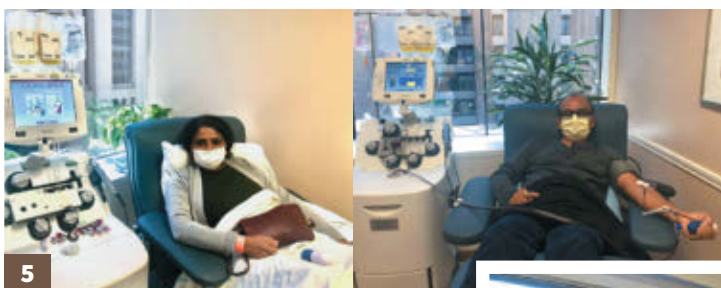


4

Together, We're #AAHOASTRONG displays how – in the midst of this crisis – the spirit of volunteerism, friendship, and unity has been a beacon of hope and a reminder of the great things we can accomplish as a singular voice. The crisis of COVID-19 has revealed something about AAHOA that has existed since its founding more than 30 years ago. And the takeaway from the video released in May is simple: Together, we are stronger.



This video, Together, We're #AAHOASTRONG, and its accompanying photos, serves as a visual reminder of the many who make AAHOA great. It instills confidence in the notion that together, we can accomplish great things. With AAHOA, nobody has to go it alone. Find and watch the video on AAHOA's YouTube channel.



5

5. AAHOA Lifetime Member Raju Patel and his wife, Dharmistha, of San Antonio, TX, who both recovered from COVID-19, learned of a critically ill patient who desperately needed plasma from a donor who had tested positive and recovered. After learning they were the same blood type, Raju and Dharmistha, without hesitation, drove six hours roundtrip to Houston to make the donation!



6

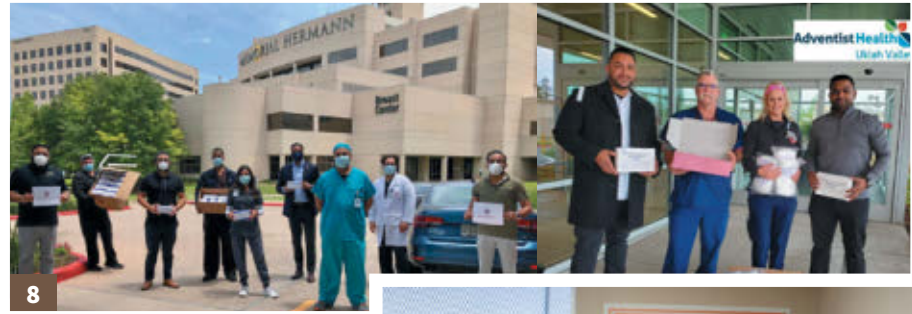
6. Gulf Regional Ambassadors Jayesh Patel and Villas Patel helped support their community by feeding the homeless and less fortunate.



7

7. AAHOA Ambassador Saajan B. Patel and Leva Patidar Samaj of Houston members donated 5,000 gloves and 3,300 masks to Greater Houston area hospitals, as well as made a monetary donation to the Houston Police Officers' Union for them to purchase PPE supplies for law enforcement officials.

8. Twelve young AAHOA Members at eight leading hotel ownership companies – including South Texas Regional Director Sawan H. Patel and Director at Large Prashant Patel (11A) – collaborated to purchase and donate 25,000 protective face masks to 11 hospitals in the four states where the respective companies operate their hotels – California, Texas, Oregon, and Washington as a part of the #HospitalityStrong campaign.



8

9. Lifetime Member Babu (Jerry) Patel led efforts for COVID-19 relief in Jackson, MS, raising more than \$22,500 for the MS Food Network to help those in need!



9

10. AAHOA Lifetime Member Raj Patel had the idea to provide free hotel rooms for front-line responders. He took his idea to OYO corporate headquarters, which responded by immediately launching a nationwide initiative in all of its hotels to support Raj's effort.



10

11. Lifetime Member and Ambassador Amita Patel of Tyler, TX, and other volunteers at the East Texas Food Bank have traveled more than 20,000 square miles distributing meal boxes and serving meals to those in need in East Texas. In April alone, they delivered 22,196 meal boxes and served 491,122 meals!



11

12. AAHOA Member Kal Patel has been housing those in need, including the homeless and women escaping domestic violence, in his hotels in Ohio and Kentucky.



12

13. Alabama Regional Director Sanjay M. Patel shared his thoughts on the effects the COVID-19 is having on the hospitality industry and some steps hoteliers can take to get assistance with Aastha Shastri in a video interview.



13

14. Lifetime Member Nikunj (Nikki) Shah began a new COVID-19 Mask Donation initiative with the help of his clients, friends, and family members. For him, it was personal. He knew many people, including his sister, who were working with little to no personal protective equipment (PPE). In 14 days, the initiative raised \$91,865 and donated more than 101,000 masks to more than 204 organizations.



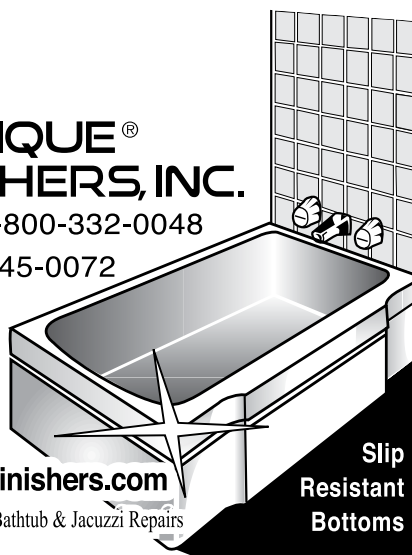
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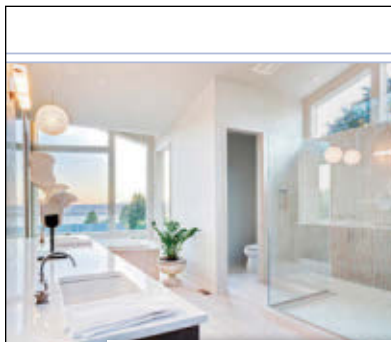


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Chase Merchant Services

More than 10,000 AAHOA Members choose Chase to process their card payments.

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- Chase payment processing accounts for AAHOA members have no annual fee, no monthly service fee or minimum fee, no account setup fee, no terminal reprogram fee, no chargeback fee, no batch settlement fee, no online statement fee and no charge for supplies.¹
- Next business day funding when you deposit into a Chase business checking account.²
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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.

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

² 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.

³ 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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