

today's hotelier

AUGUST 2024 | todayshotelier.com

Publication of AAHOA

There's nothing more American than starting a franchise business, becoming an entrepreneur, and/or buying a plot of land and building value on it, for one's family, one's business, and the community."

Fight back against rising insurance costs
pg 14

RedRoof
President

ZACK GHARIB
pg 10

Cost-effective saving and spending strategies heading into 2025
pg 18

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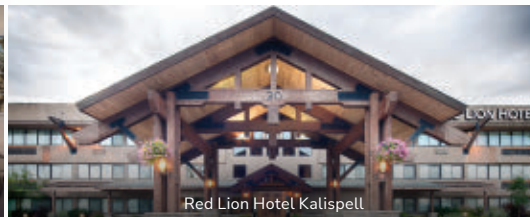


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5 Things to Know About AAHOA This Month

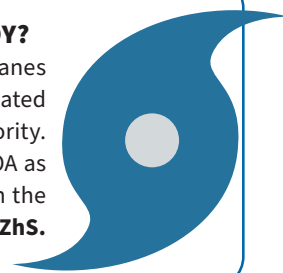
1 ANNIVERSARY OF UPGRADED MYAAHOA.COM

Happy first anniversary to the upgraded MyAAHOA.com! The upgrade of MyAAHOA.com increased access to the tools and resources you need to manage and make the most of your membership. Celebrate by ensuring your member account is up-to-date!



2 THE 2024 HURRICANE SEASON IS HERE. ARE YOU READY?

Ensure you're prepared as we enter the peak months for hurricanes and tropical storms. Many AAHOA Member-owned hotels are located in or near the path of hurricanes, making preparedness a top priority. We encourage all hoteliers to have a plan in place and use AAHOA as a resource to protect their families, guests, and properties from the impact of hurricanes. Watch the **video to learn more: bit.ly/3USmZhS**.



3 SERVING WITH EXCELLENCE: HONORING THE AAHOA AMBASSADORS

AAHOA is privileged to have more than 300 ambassadors who tirelessly promote the association's mission, vision, services, programs, and values. Their dedication has led to increased participation of AAHOA Members in Hotel Owners Conferences & Trade Shows, Town Hall Meetings, Charity Golf Tournaments, and advocacy for the industry at various levels. We extend a heartfelt thank you to these ambassadors for their outstanding service.



4 REGISTER TODAY FOR HEROWNERSHIP CONFERENCE

AAHOA's Third Annual HerOwnership Conference takes place Sept. 12-13, 2024, in Redondo Beach, CA. This event focuses on helping you elevate your career, determine your next steps, and inspire your journey. For more information, visit **bit.ly/4bsSbeG**.



5 13 AAHOA HOTEL OWNERS CONFERENCES & TRADE SHOWS REMAINING THIS YEAR

Eight down, 13 to go! AAHOA's Hotel Owners Conferences & Trade Shows are where influencers and decision-makers build the future of hospitality. Everyone in the industry is invited to attend for learning opportunities, networking, and the latest updates for hoteliers that you won't get anywhere else. The events started in May and run through November. Register at **AAHOA.com/Calendar**. ■





MIRAJ S. PATEL,
MBA, CHO, CHIA
AAHOA CHAIRMAN (2024-2025)

Your Voice Is Powerful: Small Role, Big Impact

Join AAHOA in opposing the new DOL Overtime Rule and other detrimental regulations. Respond to our Action Alert on H.J.Res.166 and S.J. Res. 97, and make your stance known. Let's work together to ensure our industry remains robust and profitable.

Visit
[AAHOA.com/
Alerts](https://AAHOA.com/Alerts)

How AAHOA advocacy protects your profitability

REVENUE IS MORE THAN JUST A METRIC – IT'S THE LIFEblood THAT ENABLES us to invest, innovate, and sustain our businesses.

Our industry continues to face significant challenges, most notably in labor and insurance costs. If you've been to an AAHOA Hotel Owners Conference & Trade Show this year, you've likely heard me address this very thing on the General Session stage.

Recruiting and retaining skilled workers continues to be increasingly difficult, with competitive wages putting pressure on our budgets. Insurance costs continue to soar, further straining our financial resources.

Given these challenges, we must adopt innovative strategies to maintain and grow our revenue and ensure the sustainability of our industry. AAHOA's advocacy efforts aim to protect the businesses of AAHOA Members and push forward industry-friendly legislation that reduces red tape, levels the playing field, and ensures the long-term health of our industry. So much of the work AAHOA is doing in Washington is to protect the bottom lines of AAHOA Members.

For example, AAHOA actively opposes the new Department of Labor (DOL) Overtime Rule, which threatens profitability by increasing labor costs. The association has engaged in advocacy efforts, including supporting legal challenges, submitting comments to the DOL, urging members to participate in Action Alerts, and advocating with Members of Congress on Capitol Hill. AAHOA firmly acknowledges this rule would impose significant financial strain on small businesses and is committed to fighting against it to protect the interests of hotel owners.

Credit card swipe fees significantly impact our bottom lines. To help protect your revenue, AAHOA is urging our advocates to support the *Credit Card Competition Act (CCCA)*. Passing the CCCA would address the burdensome swipe fees that small businesses face. I encourage you to take action and urge your legislators to support this crucial legislation. This also is a topic we'll be addressing during next month's Fall National Advocacy Conference in Washington, D.C.

The recent passage of the No Hidden FEES Act is a significant victory for AAHOA and our industry. This legislation, which AAHOA championed, aims to bring transparency to pricing, eliminating deceptive practices that erode trust and profitability. This achievement is a testament to AAHOA's persistent advocacy and dedication to transparency and fairness. The Act will help reduce unexpected costs for consumers and ensure a more honest and straightforward pricing model in the industry, reinforcing AAHOA's commitment to protecting its members' interests and promoting a fair business environment.

While the path forward is always fraught with challenges, our resilience, adaptability, and unity will guide us through. As we say often, "There is strength in numbers." AAHOA remains steadfast in its commitment to support you, providing resources and advocacy to safeguard our industry's profitability and long-term sustainability.

Working together, we can navigate these complexities, grow our businesses, and continue to thrive. ■



LAURA LEE BLAKE, ESQ.
AAHOA PRESIDENT & CEO

“

As your foremost resource and advocate, we are dedicated to ensuring a solid and dynamic financial future for all our members.”

We've come a long way

“More people should learn to tell their dollars where to go instead of asking them where they went.” – *Roger Babson*

AS WE CELEBRATE AAHOA'S 35TH ANNIVERSARY, WE ARE REMINDED AAHOA WAS founded to give Asian American hoteliers a unified voice, amplifying our message and strengthening our influence.

Our influence extends to significant bargaining power with vendors, government entities, commercial institutions, and private companies, making AAHOA a crucial platform for businesses to connect with our network.

To echo a longstanding slogan, AAHOA best serves its members by “Making Money, Saving Money, and Protecting Your Investments.” I encourage all our members to fully utilize these advantages.

Here are a few key benefits worth mentioning:

MAKING MONEY

- Supporting *the LIONS Act* to raise SBA 7(a) loans from \$5M to \$10M
- Supporting short-term rental legislation to level the playing field with Airbnb/Vrbo
- Meeting with brands to address concerns about diminishing NOI and support revenue growth
- Partnering with Kalibri Labs to teach commercial strategy to deliver profitable revenue sources
- Providing educational and networking opportunities to increase revenue, streamline operations, and diversify income streams

SAVING MONEY

- Working with leading industry partners that offer discounts
- Supporting federal credit card swipe fees legislation to introduce competition and reduce expenses
- Supporting state regulations to clarify hotel “guests” are not “tenants,” swallowing for prompt removal of non-paying guests
- Fighting minimum wage increases to prevent skyrocketing labor costs
- Offering BookItNGo services with 10% commissions to save money on your OTA fees
- Exposing members to the reality that 90% of hotel owners overpay in property taxes by at least 25%
- Offering educational resources to reduce the incidence of credit card chargebacks and provide effective OTA billing reconciliation procedures and options

PROTECTING YOUR INVESTMENTS

- Using PAC to support AAHOA's voice with federal and state elected officials
- Addressing the negative impact of mergers to protect against antitrust concerns
- Fighting mandatory hotel voucher programs for unhoused residents
- Offering claim representation after a natural disaster to ensure recoup of losses
- Offering free BEST Inhospitable to Human Trafficking Training as well as ADA compliance training
- Raising awareness of unfair practices in the industry through educational tools

LEVERAGING THE ADVANTAGES OF AAHOA

AAHOA remains steadfast in its mission to support members. From advocating for favorable legislation and providing educational resources to negotiating discounts with industry partners, we ensure our members have the tools and opportunities needed for success.

We encourage all members to fully leverage the advantages of AAHOA membership, ensuring their businesses thrive now and in the future. ■



People and Passion

Red Roof President
Zack Gharib on his
hospitality journey
and the future of
the company

by CARTER DAVIS

Red Roof President
Zack Gharib

A SA TEENAGER GROWING UP in Lebanon, the land of his birth, Zack Gharib took a memorable vacation to Greece, where he stayed in a hotel for the first time.

It was love at first sight. “I was fascinated by the whole package – the physical structure, the beautiful setting, the great service, the friendly people who made the whole experience,” he recalled. The episode left an everlasting mark on Gharib’s personal development and career path, as he came to the U.S. as an immigrant a few years later and worked his way up through the hotel industry.

Little could Gharib have dreamed that he would eventually end up living in Columbus, OH, thousands of miles away from his childhood home, as the president of Red Roof, an iconic American hotel chain with more

than 700 hotels – the role he took on in May of this year.

Building on a distinguished tenure of executive service, Gharib, is energized about the future of the Red Roof brand.

PEOPLE FIRST

Gharib's career path has taken him through some of the most esteemed companies in the industry, including White Lodging, Marriott, Highgate Hotels, and La Quinta by Wyndham.

If there's one thing he's learned, it's people come first.

"The first thing I realized upon walking in the company's doors at Red Roof was the incredible human assets our brand enjoys – our corporate team, partners, and amazing franchise community that makes Red Roof tick," he said.

With hundreds of franchisees in 42 states and women ownership at more than 35% of its properties, Red Roof represents a snapshot of diverse hotel franchising at its best.

"At Red Roof, we speak about 'genuine relationships, real results,' which is what drives our growth and our company culture," Gharib said.

The company headquarters sits proudly on several wooded acres in the heart of America's heartland, serving as a hub of activity for its 200-plus employees, many of whom live in or near the Columbus Red Roof epicenter.

Many of Red Roof's employees have been with the company for decades. One of them, Fouad Malouf – recently promoted to chief operating officer upon Gharib's appointment as president – has served more than 40 years with the brand.

"On meeting and getting to know the Red Roof team, I saw immediately the incredible level of dedication, loyalty, and expertise we have at the company," Gharib said. "It was easy to realize we truly have an amazing group of people who are passionate about hospitality and serving our franchisees at the highest level."

Gharib's top priorities as president include finding new ways to deepen staff's connection with the company to build synergies and drive strong results; doubling



There's nothing more American than starting a franchise business, becoming an entrepreneur, and/or buying a plot of land and building value on it, for one's family, one's business, and the community."

down on product quality and consistency; expanding the reach of the brand across national media outlets and platforms; utilizing enhanced technology and AI systems to improve the guest experience and drive more revenue; and, above all, accelerating the franchise growth of the brand.

A RAPIDLY EXPANDING HOMETOWNE BRAND

Red Roof's portfolio of brands includes Red Roof Inn and Red Roof PLUS+, HomeTowne Studios by Red Roof, The Red Collection, and Red Roof's dual-branded properties. Red Roof now has more than 60,000 rooms in nearly 700 properties in the U.S. and internationally in Japan. The brand celebrated its 50th anniversary in 2023.

Franchise growth continues at a solid pace, with more than 50 franchised properties expected to open in 2024, a trend Gharib and his franchise development team intend to accelerate.

Matt Hostetler, Red Roof's chief development officer, believes Gharib arrived at a uniquely pivotal and dynamic moment for the brand.

"The past five years have been an incredible ride," Hostetler said. "We successfully pivoted to continue to grow our business and serve guests in unprecedented new

ways during the pandemic. Since then, we've seen continued growth even with the challenges presented by the rising costs of labor, materials to build new hotels, and high interest rates."

Hostetler believes Gharib's dynamic approach to franchise partnership will keep Red Roof's growth steady and accelerating, as a new generation of franchise owners come to the fore.

"Zack is a perfect match and leader for the new generation of hotel franchisee, because he has been there and done it," Hostetler said.

Gharib's industry roles have included senior positions in hotel franchise operations and development – at one point along the way, he even owned a franchised retail outlet of his own.

"I can identify with the needs and aspirations of hotel owners looking to build security and a better life for themselves and their families," he said. "There's nothing more American than starting a franchise business, becoming an entrepreneur, and/or buying a plot of land and building value on it, for one's family, one's business, and the community."

"YOUR JOB IS TO TAKE CARE OF THEM"

Reflecting on his journey to date, Gharib reflects on the words of the late Bill Marriott, whom he had the opportunity to meet while working as a young manager at White Lodging Services. During the opening of the Marriott hotel in downtown Indianapolis, Mr. Marriott approached Zack while surrounded by his housekeeping team and said, "Zack, your first and main responsibility is to always take care of this team."

The words have resonated with him during his entire career and have carried him to the C-suite at one of North America's premier hotel brands. He reminds himself of them every day.

"We will build quickly, expand aggressively, and take Red Roof's genuine relationships and real results to the next level by elevating everything we do," he said. "People will be at the heart of it every day, and that is who we are here to serve." ■

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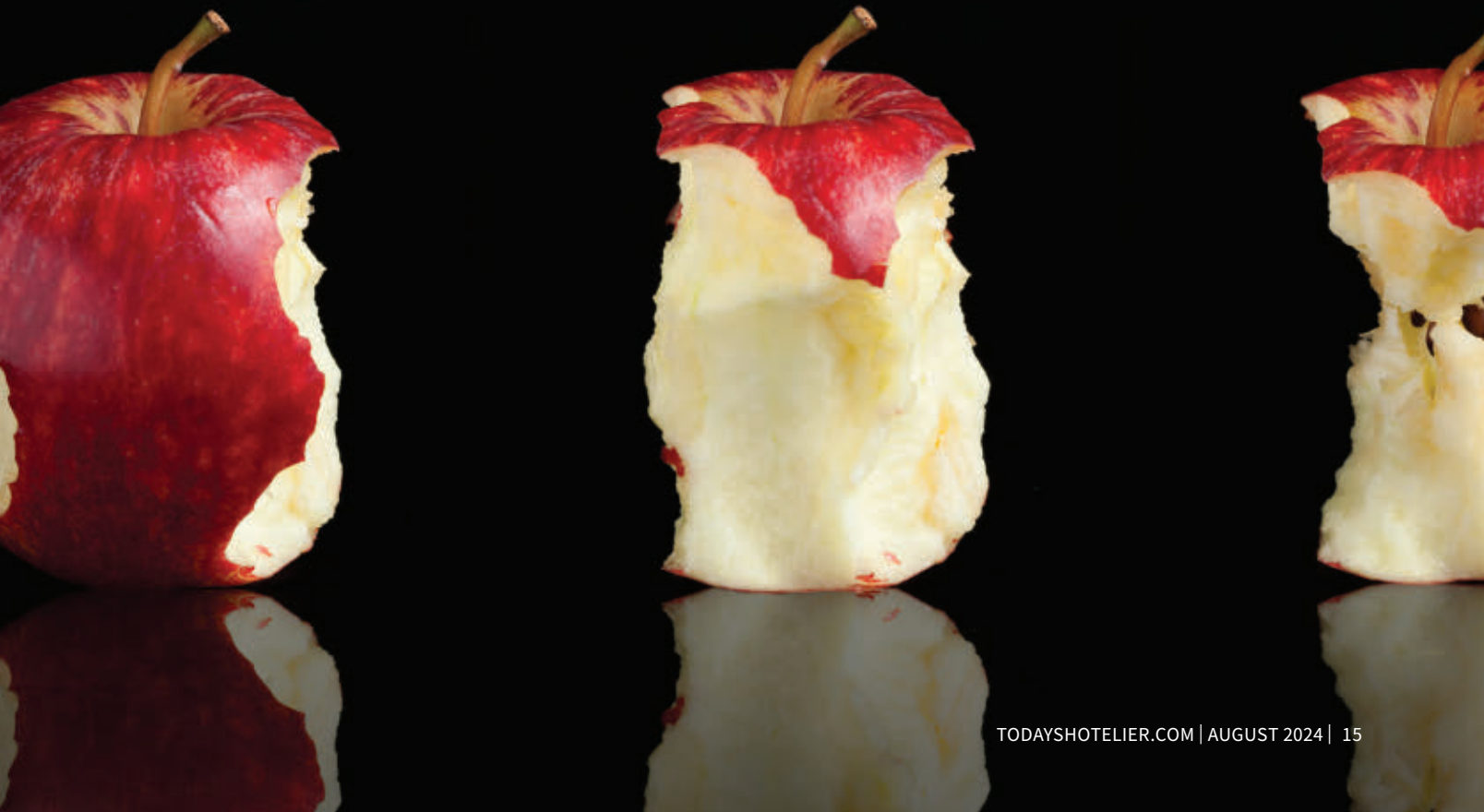
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With rising insurance costs eating into profits, experts share advice

by NICK FORTUNA

IF YOU EXPERIENCED STICKER shock the last time you shopped for insurance coverage for your hotels, you're in good company. Stubborn inflation rates, destructive weather events, and high property valuations have contributed to poor loss ratios for insurance carriers, prompting some to pull out of coastal markets, regions frequently hit by hail, and other areas seeing high claims activity.

Consequently, hoteliers have fewer insurance options, and when they can get coverage, it typically costs a bundle. Last fall, a CBRE survey of 2,565 hotels found that insurance was their fastest-growing expense, having climbed an average of 19.5% since 2022. CBRE estimated that last year, insurance costs accounted for 1.7% of the average hotel's operating revenue, up from the long-term average of 1.2%.





““
Last year, insurance costs accounted for 1.7% of the average hotel’s operating revenue, up from the long-term average of 1.2%”

“Rates are going up; there’s no way around that,” said Luis R. Esteves, principal at Jansen Adjusters International, which helps hotel clients get their claims settled. “I don’t know any insurance agents who have been able to get rate cuts for clients in the past two years. What they’re doing is trying to keep the same price or close to it, but then the level of coverage drops.”

While premiums are rising, carriers also are being more selective in offering coverage to hotels, according to Paul A. Mayo, producer at PointeNorth Insurance Group. Properties that haven’t upgraded their roof, plumbing, HVAC, and electrical systems in 10 to 20 years are having a harder time obtaining competitive coverage, he said.

Similarly, hotels with outside corridors are less attractive to carriers because they provide a less-secure environment for guests, and hoteliers have limited visibility into who is visiting their properties, Mayo said.

Buyers and builders, take note: Wood-framed hotels face challenges in getting coverage because they burn more quickly than steel-framed or concrete-block hotels, leading to larger losses for carriers, said Becca

Fowler, producer at USI Insurance Services. Carriers also prefer properties with sprinkler systems that cover their attic spaces and meet the National Fire Protection Association’s Standard 13, she said.

Though every situation is unique, experts say there are two key areas in which hoteliers need to shore themselves up when it comes to seeking the best insurance coverage possible for their properties.



1

PREPARE YOUR DOCUMENTS

To get good coverage, hoteliers should team up with an agent who specializes in hospitality and has access to the full range of potential carriers, Fowler said. Agents will work with hoteliers months in advance to ensure their applications for coverage are “thorough, complete, and accurate,” recognizing most insurers want to see a hotel’s insurance loss runs for the past five years, she said.

If hotels have switched carriers, they’ll need to track down loss runs from each carrier to build that five-year history. Hoteliers who have owned their properties for less than five years should be able to provide loss runs for as long as they’ve owned those properties and should ask sellers for their recent loss runs, Fowler added.

Not having a full loss history is the “biggest roadblock to receiving quotes,” she said. “Without a full loss history, we often can’t get a quote at all.

“Those loss runs need to be currently valued, meaning they should have been generated by the carrier within the past 60 days, even if the claim is from four years ago,” Fowler added. “Carriers care about this because sometimes closed claims will be reopened, open claims may now be closed, and the reserve amount and the total amount paid out may fluctuate, so carriers want to see the updated status of claims.”

For large losses, operators should provide a narrative of what happened and how it was remediated so the broker can include it in the submission to

the carrier, Fowler said. “It allows the operator to set the record straight,” she said. “Otherwise, the carrier will make assumptions.”

If a hotel has sustained several losses of the same type, such as slip-and-fall accidents, even if they’re relatively minor, it’s worthwhile to spell out what your property has done to prevent future losses. If carriers see recurring losses but don’t receive information about the causes and corrective efforts, “they’ll be reluctant to cover that type of loss and might reject the submission altogether for high claims frequency,” she said.

Brokers typically send applications to carriers two to three months before current policies expire and expect to receive quotes with about a month remaining. That gives brokers and clients time to review coverage terms and seek out additional quotes if they’re unsatisfied with their options, Fowler said.

A good broker will ensure hoteliers understand which types of claims are covered and which aren’t when selecting a policy. Many carriers are limiting or excluding coverage for abuse and molestation, assault and battery, bedbug infestations, mold and fungi, ruptured sprinklers, or damage from weapons – the latter of which is an important consideration in states with lax gun laws, Fowler said.

“And if they’re excluded or sublimated in the general-liability policy, then most of the time, they won’t be covered in the umbrella or excess-liability policy that sits above it either,” she said. “So, you want to do what you can to get those coverages included with full limits in the general-liability policy. And if they aren’t included with full limits, or if the coverages are excluded outright, then the hotelier should at least be aware of that.”

Knowledgeable agents will help clients determine whether they need types of coverage that often go overlooked, including cyber liability and employment-practices liability, Mayo said.

“It’s important for hoteliers to work with a broker who helps educate them about insurance instead of just providing

them with the cheapest quote,” he said. “When you get an insurance proposal, don’t just look at the price. Make sure you go through that proposal, ask questions, and learn from your broker what you’re actually getting for that price.”

2 WEIGH YOUR OPTIONS

Hoteliers with multiple properties should explore different strategies for insuring their portfolios, which may mean having one policy for all properties, breaking them up into groups, or purchasing individual policies, Esteves said. A single property with an extensive loss history or an elevated risk exposure could drive up the cost to insure the portfolio, so it might make sense to insure that property separately, he said.

Conversely, a blanket policy may give hoteliers more buying power and allow them to spread out their risk more effectively, he said. In a simple example, a hotelier with 10 properties totaling \$10 million in value may be able to save money with a single policy for a total insured value of \$7 million. In that scenario, the hotelier is taking advantage of the miniscule likelihood that all 10 properties will sustain losses in a single year.

“If you haven’t sat down with your broker and talked about your specific risks, then you’re just buying retail, and retail is very expensive,” Esteves said.

Risk managers can help hoteliers improve their properties and implement policies to control insurance costs, Esteves said. Upgrading roofs, doors, windows,



sprinkler systems, elevators, smoke detectors, mechanical systems, and water sensors to detect leaks can mitigate the damage from natural or manmade disasters, for example.

Spending more on one-time facility improvements may be worth it if they help hoteliers save money on insurance, which they purchase every year, he said.

“If you don’t have a risk manager helping you present your property, and you’re depending on the basic information you can give your agent, you’re losing out,” Esteves said.

Hoteliers, especially those with older properties, should be certain to note any facility improvements in their applications, Fowler said. Otherwise, carriers will assume no upgrades have taken place, making properties more difficult to insure.

Risk managers can assist hoteliers in setting up policies most carriers now ask about in applications. Hoteliers become more attractive to carriers when they’ve established policies to recognize and report human trafficking, sexual harassment or other criminal activity, and when they perform background checks on jobseekers.

Likewise, hoteliers may benefit from having plans for a medical crisis, active shooter, or evacuation, as well as policies around facilities inspection, prominent safety signage, and incident investigation. Highlighting these policies in applications may help hoteliers save money on premiums or obtain coverages that otherwise may have been excluded from policies.

Hoteliers should be aware that online reviews can affect a carrier’s decision about offering coverage, Mayo said. Reviews showing photos of poorly maintained facilities or complaining about suspicious activity in the parking lot, for example, can raise concerns about hoteliers and their clientele.

“Unfortunately, we live in a world of potential Internet underwriting,” he said. “So, if an insurance carrier gets a submission, they’re going to do an extensive review of the property, and those are red flags that insurance carriers are going to hone in on.” ■



Cost-effective saving and spending strategies heading into 2025

by ADAM and LARRY MOGELONSKY

WHEN IT COMES TO MAXIMIZING A hotel's revenue stream, there essentially are two approaches – spending to make money and implementing effective cost-saving methods – that continue to stand the test of time. Here, we take a look at both sides of this coin in a two-part examination.

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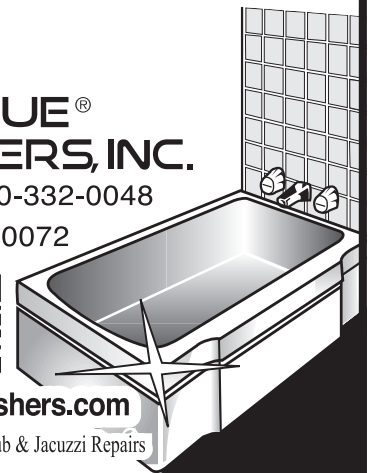
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INCREMENTAL SAVINGS THROUGH BETTER TECHNOLOGY

Take a pause and look at the macros for a moment, and you'll realize that labor issues – both shortages and rising pay rates – will be systemic contentions in the foreseeable future. Yes, the pandemic did a doozy on the total number of available workers in hospitality and tarnished its reputation for young recruits, but it's hardly the only factor. To name a few: the rise of remote work and its incentives versus on-property jobs, diminishing total workforce numbers among Gen Z, and changes in immigration characteristics – all beyond your control.

Whatever the secular trends, if you know labor will be a constant challenge, one arena where you can compensate to stabilize and grow GOP, NOI, or whichever other key measure you want to optimize is through adept use of technology. While there are many other areas where you can save – reducing headcount or via procurement, for example – recent advances in hotel tech now enable properties to ramp up efficiencies within every department so every associate or manager can do more with less.

To answer how technology can help you save money, some general points include:

1

Increasing team productivity through the automation of repetitive tasks.

2

Encouraging direct bookings to lower customer acquisition costs along with greater total throughput via more flexible payment methods.

3

Using pattern recognition to derive actionable insights for labor scheduling, recruiting, supply chain, reporting, or energy management.

Of course, as a caveat, this depends on what influences you as the owner or operator have over your tech architecture vs. what resides at the brand or corporate level. But even if you are largely hands-off from the system or feature selection, the powers that be are also constantly evaluating how various technologies can help you derive incrementally more labor efficiencies. In fact, they likely already have some great recently rolled-out solutions that need only your inquiry and resources for on-premises implementation and training.

It's important to emphasize here that extra resources – as in some CapEx for setup, some additional OpEx, and your team's time – will likely be needed to oil the tech engine that will drive your hotel's operational efficiency. Therein, the theme for both saving and spending strategies becomes apparent: Sometimes, you have to spend a little more to make a lot more.

FORTUNE FAVORS THE BOLD

This requires boldness and a clear vision of how embracing technology will save over the long run. To stay within the three aforementioned areas of focus, this perhaps-counterintuitive approach can be articulated by looking at housekeeping through the lens of tech enhancements. By only looking at financial statements, this operation represents a huge line item – often the biggest for many properties – so the reaction may be to look for ways to immediately curtail direct costs.

But because labor is the most common bottleneck, it behooves you to keep morale in good form because the hidden replacement costs for high turnover – more overtime, recruitment, sign-on bonuses, shadowing, loss of leadership – will far outweigh short-term gains in margin. Therefore, it's a matter of using tech smartly, such as optimizing room cleaning orders to save supervisors time and satisfy guests via rush room functions as well as to enable individual housekeeper preferences like seniority or flexible shifts. Facilitating these types of optimizations may require a modern housekeeping tool at an additional monthly subscription or updating a currently-in-use module, which necessitates quality assurance of data interfaces and retraining.

Next, you can combine housekeeping optimization systems with labor analysis tools that can reveal ways to further reduce overtime pay through enhancements to flexible team scheduling or by looking at day-over-day requirements for stayover vs. clean-out cleans. Again, this may involve another monthly per-room software fee and resources for onboarding. Still, overall, the break-even point on these investments will be quite agreeable once you compare the tech costs to savings on other line items.

This principle of spending on technology for orders of magnitudes of savings in other areas over the long run can be illustrated by customer acquisition costs. For midscale, economy, and select-service brands, the OTAs and their often-cantankerous commissions will forever be a prominent distribution channel. Even still, a concerted effort of incrementally deploying better technology across the entire guest journey will help with direct booking incentives or packages, algorithmic revenue management, and more personalized loyalty offers. Especially for on-premises operators, centralized guest data can enhance service delivery, heightening GSS and TripAdvisor scores to give you an edge in local market buyer comparisons.

No two hotels are the same, so the suggestions here must be individualized regarding which specific vendors or parts of the customer journey should be prioritized for an upgrade. Nevertheless, the overall point is embracing technology and giving it more resources will ultimately save on the bottom line, in this case, by lowering third-party acquisition costs to boost net revenues and profitability.

PART 2

PROPERTY DIFFERENTIATION THROUGH INCREMENTAL SPENDING

When you pull on the string that is the motto of “Sometimes you have to spend a little more to make a lot more,” you realize a profound difference between being a cost-efficient operator and a cost-effective one. The former is pecuniary; the latter is still keenly aware of cost controls but allows for flexibility in new mandates with the potential for a serious upside once fully oiled and embedded in the day-to-day business.

That flexibility will allow on-property and above-property teams the bandwidth to explore programming that will result in property differentiation from the comp set or, as it’s commonly called, the reason to visit. Even for purely heads-in-beds flags in the economy or limited-service spectrum, having key amenities in the rooms or facilities onsite will add serious value in many ways that cannot necessarily be counted as a direct line-by-line comparison on financial statements.

So the benefits of spending more on amenities and facilities are clear, here’s what to expect:

- 1 Higher confidence in commanding above-market ADRs and more direct booking revenue share as leisure transient or corporate guests specifically seek out your brand.
- 2 You can package your bespoke facilities and ancillary revenue centers and upsell rooms or suites replete with amenities, which again can be used to induce more direct reservations.
- 3 You will win more group blocks with a greater overall contract value, as you have the facilities and features to support more dynamic and experiential meetings and events.
- 4 Heightened product awareness and passive marketing through improved guest satisfaction and word of mouth from locals, increasing brand equity over time.

The most important word to remember from those four key benefits is “experiential.” Increasingly, across all hotel categories, guests want more value for their time and are willing to spend a premium to maximize their time. Location and price

will always be top drivers for bookings, but incrementally rolling out that X-factor will, over the long run, elicit far healthier returns to the bottom line than can be replicated by simply being a more scrupulous, cost-efficient operator. To be clear, engaging in these sorts of experiential offerings requires CapEx; it’s a marathon, not a sprint, and it requires owners and operators with a boldness of vision to execute.

Here are some examples of that reason to visit so you can get a picture:

- Reinvigorating the lobby with a vibrant new design, third place (work from anywhere) seating areas, a café, a lobby bar, or live music in the evenings creates a social scene that will draw in locals and create very positive buzz.
- Remodeling the main restaurant so it’s an inviting, trendy space but also suitable for breakfast, lunch, and dinner service (and direct booking packages), as well as off-hours dining – ever more important with the remote work microsegment.
- Remodel your meeting spaces so they aren’t just a conference center with ballrooms and breakout rooms, but perhaps add some areas for micro-meetings or evening games, which are now popular amongst millennial and Gen Z attendees.
- Also, on the experiential side, we want to become a turnkey activities provider by developing exclusive partnerships with local attractions and transportation networks.
- Investigating your options about guest and employee wellness programming, representing a huge growth area with numerous applications that now exist outside of a spa facility, all of which can either boost ancillaries or team morale to prevent churn.
- Supporting local artists, charities, causes, or sustainability efforts is a noble action, sure, but these will ultimately endear both guests and staff to your property, with the latter resulting in less turnover (and lower hidden replacement costs) over the long run.

These are, but a few ideas and much creativity can be had. The point underlying all of these is they take effort – time and money – to properly establish. For those operators already at full tilt, it’s tough to justify these sorts of investments, and yet they are mandatory lest the property become a slave to market rate commoditization and overly reliant on third-party distribution that eats away at net revenues.

The core of any CapEx project starts with a bold vision and realizing that spending more is necessary to make a lot more. ■



Together, Adam (left) and Larry Mogelonsky are the world’s most published hospitality writing team, with more than a decade’s worth of material online. As the partners of Hotel Mogel Consulting Ltd., Larry focuses on the hotel

operations and marketing, while Adam specializes in technology and wellness. Their experience encompasses properties around North America and Europe, with a focus on independent properties of all sizes. Their work includes seven books, the latest focused on increasing profits from wine sales in an environment of tight labor markets. You can reach them at adam@hotelmogel.com to discuss your business challenges or to book speaking engagements.



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Write to your Member of Congress to garner support for this legislation and ask them to cosponsor H.R. 7242. Your voice can help move this legislation forward.



by NEAL A. PATEL

AFTER A STINT IN THE UNITED States Marine Corps, Max Miller embarked on a career in politics, serving as an aide to Senator Marco Rubio during his presidential campaign in 2016 and later as a staffer for President Donald Trump. Elected to the United States House of Representatives in 2023 to represent Ohio’s Seventh Congressional District, Rep. Miller is at the beginning of what he hopes will be a lengthy and productive career serving the American people in higher office. We caught up with him to discuss his legislative priorities, the role hotels play in the economy of his home district, and his vision for the future of the American workforce.

WHAT ARE SOME OF YOUR LEGISLATIVE PRIORITIES FOR THIS SESSION?

Although there are many important issues Congress needs to tackle, some of my top priorities include passing a farm bill, expanding workforce development, and curbing inflation. I’m honored to sit on the House Committee on Agriculture, especially during a farm bill year. The farm bill is absolutely crucial to my constituents since Ohio’s Seventh Congressional District is home to more farms than any other district in Ohio. One in every seven jobs is agriculture-related, so passing a farm bill is critical for those I represent. I’ve also made it my mission to expand workforce development and career and technical education opportunities that create prosperity for individuals and build a stronger future for America. To that end, I’ve introduced the *American Workforce Act*, which will empower Americans to pursue non-college pathways and allow private employers to develop workforce education to support their industries’ needs. I’m also keen on addressing inflation since it continues to affect every working family across the country. Our only way out of this mess is to curb spending, lower taxes, and get Americans back to work.

WHAT SORTS OF POLICIES, SUCH AS TAX AND REGULATORY REFORMS, DO YOU HOPE TO WORK ON TO SUPPORT SMALL-BUSINESS OWNERS AND THE HOSPITALITY INDUSTRY?

Small businesses have faced unprecedented economic headwinds in recent years – from a pandemic to record-breaking inflation and the ongoing labor shortage. Right now, the quickest way to provide our small businesses with relief is to pare burdensome regulations. Congress should also continue working to make the small business tax cuts included in the *Tax Cuts and Jobs Act* permanent so American businesses can have the certainty needed to run successful operations.

WHAT EXCITES YOU THE MOST ABOUT SERVING IN CONGRESS?

There are many amazing aspects of my job, but my favorite is the opportunity to serve and help my constituents. Americans have real problems that need solutions. There’s nothing more rewarding than successfully assisting a constituent who needs help accessing VA benefits, receiving a Social Security check, or getting a passport in time for a family vacation. We can get past all the noise in Washington and make a real impact on people’s lives.

WHAT INDUSTRY (OR INDUSTRIES) DID YOU WORK IN BEFORE YOU WERE ELECTED TO CONGRESS?

Prior to being elected to Congress, I had the honor of working for President Donald Trump at the White House for four years. I held various positions, but most notably I was the deputy assistant to the president and director of presidential advance. I left the White House briefly to work on the president’s campaign as deputy campaign manager for presidential operations. Before then I worked on various local campaigns in Cleveland, as well as Senator Marco Rubio’s presidential campaign in 2016.

Get to
know U.S.
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(R-OH)

Driven

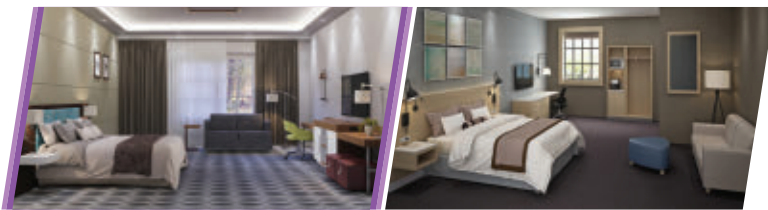
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Hotels and hotel owners help to drive our local economy in Northeast Ohio. Whether it's fans coming to town to watch the Browns, Guardians, and Cavaliers, family visiting their favorite relatives, or people in town on business, hotel and hotel owners support far more than just the local tourism industry.”

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WHAT LED YOU TO RUN FOR CONGRESS?

I ran for Congress for the same reason I joined the Marine Corps; I felt the call to serve a purpose larger than myself. I wanted to serve the people of Northeast Ohio and work with them to find common-sense solutions to the problems most impacting our communities.

WHAT DO YOU MOST ENJOY ABOUT STAYING IN HOTELS?

My work has always required me to travel a lot, which can be difficult since I'm away from home and my family so often. What I enjoy most about staying in hotels is having a little home away from home. Sometimes traveling so much is exhausting and coming back to a great hotel makes it a little bit easier. Whether it's friendly staff, a comfortable bed, or a delicious meal, hotels can make or break a trip.

WHY ARE HOTELS AND HOTEL OWNERS IMPORTANT TO YOUR DISTRICT/STATE?

Hotels and hotel owners help to drive our local economy in Northeast Ohio. Whether it's fans coming to town to watch the Browns, Guardians, and Cavaliers, family visiting their favorite relatives, or people in town on business, hotel and hotel owners support far more than just the local tourism industry.

THE HOTEL WORKFORCE WAS ONE OF THE INDUSTRIES MOST AFFECTED BY THE PANDEMIC. DO YOU SEE CONGRESS PLAYING A ROLE TO SUPPORT BUILDING BACK THE HOTEL WORKFORCE?

As I mentioned earlier, one of my foremost priorities in Congress is supporting and growing our workforce. Businesses need workers with the appropriate skills to keep our economy humming, and workers need skills that will connect them with well-paying jobs. I'm working to expand alternative pathways into strong jobs, and I hope my colleagues will join me in this endeavor. ■

Neal A. Patel is the vice president of Patel Partners, a bipartisan, bicameral government affairs consulting firm located on Capitol Hill, and he can be reached at neal@patelpartnersdc.com.

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Unraveling the mystery

Understanding loan servicing types and what to know before closing financing

by RUSHI SHAH

IN THE WORLD OF CAPITAL MARKETS, there's no such thing as a free lunch. In line with how capitalism works, there's value assigned to every component of a loan transaction, including loan servicing. When comparing financing options, borrowers understand the need to evaluate interest rates, loan-to-value thresholds, and loan term. However, many don't realize it's also extremely important to consider how the loan will be serviced when choosing a loan product or lender.

WHAT IS LOAN SERVICING?

Loan servicing is much more than just processing payments. This umbrella also covers draw processing, lease approvals, loan term changes, tax or insurance escrow processing, and pre-payment. Because there are many different types of loan servicing, there also are multiple business models for servicing companies.

1 IN-HOUSE SERVICING

A bank or a credit union – often a balance sheet lender – is likely to manage their own loan servicing in house. In this situation, the banker responsible for originating the loan is also in charge of a team that handles the intake and application of payments towards the loan, as well as escrow. This model is typical of full recourse lenders and doesn't value the cost of loan processing separately from origination. Its one-stop-shop approach is usually the preferred servicing type for borrowers. First, because the transaction considers the lender's relationship with the borrower, much of the business is done on a handshake basis. Second, because of the unconditional personal guarantees, these lenders may also be a bit more flexible in the loan terms. However, this model also can be a double-edged sword. Because the lender is also the servicer, it knows everything about the loan – good, bad, and ugly. Further, in our post-COVID world, amidst growing pressures from the regulators, lenders have tightened underwriting guidelines.

2

THIRD-PARTY SERVICING

For larger sized loans, outsourcing servicing to a third party becomes more common. As borrowers become more sophisticated in their businesses, seek larger loans, and increase their borrowing capacity, understanding how this servicing model works is critical for success. With third-party servicing, the servicing tasks are provided by another party as a separate service outside of origination. At the time of the sale of the loan, known as loan securitization, the loan's servicing

will be sold to the cheapest bidder. The companies buying the loan servicing are typically large-scale, low-cost providers such as Midland, PNC, Wells Fargo, and Greystone. These firms have pools of employees located in low labor cost markets who oversee servicing of thousands of loans. Tasks are compartmentalized for greater economies and efficiencies, with one area managing cashing and loan payment, another area processing draws, etc. This specialized servicing model allows national servicers to offer lenders low-cost servicing while still making a small profit.

Selling the servicing separate from the loans to the actual bond buyers, also allows CMBS, debt fund, and life company lenders to lower the ultimate spread on the loan extended to the borrower by separating the loan's credit risk from its operational risk. In a typical CMBS pool, servicing is sold for 5 to 7 basis points of the loan. For this negligible price, lenders can keep the lion's share of the loan's spread to compensate for the credit risk.

For borrowers, the downside to third-party servicing is there's no personal borrower-to-lender relationship to leverage. The servicers and their processors are hired simply to follow the loan documents like the letter of the law. This can create problems for non-institutional and unsophisticated borrowers accustomed to haggling with lenders or expect to be able to negotiate servicing components after a loan is closed. Fortunately, with the right preparation during loan origination, borrowers or their intermediary can take advantage of some nuances within the third-party servicing model. These preventative efforts can save borrowers heartache by providing some flexibility in an otherwise inflexible loan transaction process that accompanies a capital markets transaction.

One clause often negotiated upfront is "deemed approved," or the amount of time servicers have to respond or provide an approval for any future changes to the original loan documents. Agreeing to the timing upfront essentially gives borrowers recourse against long delays waiting for answers from the servicer. A typical

deemed-approved clause reads that if the response from the servicer isn't received within five business days, the approval is deemed approved, and the borrower can continue his or her plans without servicing repercussions.

How draw requests for a hotel PIP or retail property tenant improvement allowance are handled is another area where upfront negotiation can benefit the borrower. The loan docs often can be adjusted to allow the sponsor or borrower to claim draws in advance, without having already spent the money.

TAKE ADVANTAGE OF EXPERT RESOURCES

The types of servicing models don't end here. There are other approaches used such as correspondent servicing where the mortgage banker services the loan themselves, or a hybrid servicing model where the payment processing happens at a central processing facility but any major decisions on the loan are approved by the lender itself. To fully explore the breadth of servicing scenarios and risk accompanied with each model, borrowers should arm

themselves with the best information. An expert intermediary who has successfully negotiated borrower-favorable servicing-related clauses upfront and knows the advantages and disadvantages of each option as they related to the specific loan transaction can be a difference-maker for protecting property owners from unnecessary risk while positioning them for ongoing success. ■



Rushi Shah is Principal and CEO of the commercial mortgage and real estate investment banking firm and AAHOA Allied Member Mag Mile Capital. As a leader in hospitality financing, Shah specializes in structuring and placing high leverage, nonrecourse 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.



Loan servicing is much more than just processing payments. This umbrella also covers draw processing, lease approvals, loan term changes, tax or insurance escrow processing, and pre-payment."

Something is rotten

Food waste is stealing your profits

by VIGNESH MANI

SCENARIO THE SILENT DRAIN

A chef's \$100 investment aims for 30% food cost, targeting \$333 in sales. But assume a 20% food waste shrinks usable ingredients to \$80. This hidden cost silently eats away profits, requiring even higher sales to maintain the target margin.

SCENARIO TURNING FOOD WASTE INTO PROFIT

Now picture this: slashing your food cost by 3% without shrinking portions, changing your menu, or raising prices. This is the magic of effective food waste reduction; it improves competitive advantage and cost strategies at work.

THE HOSPITALITY INDUSTRY thrives on creating culinary delights, but a hidden menace – food waste – lurks beneath the surface. Food waste affects every part of the hospitality sector, necessitating a multifaceted approach that combines strategic planning and tactical execution.

From Michelin-starred restaurants to busy cafeterias, sprawling golf courses, luxurious cruise lines, vibrant retirement communities, extensive franchise chains, and thriving catering services, food waste affects every corner of the hospitality sector.

While traditional cost-cutting measures remain vital, hoteliers increasingly recognize the substantial financial gains achievable through food-waste reduction. This goes beyond simply reducing unused ingredients. Beyond food spoilage, inventory waste encompassing broken items, lost utensils, and even equipment theft silently erodes profits. These inevitable losses accumulate, reducing revenue and hindering sustainability efforts.

THE ECONOMIC IMPACT

Food waste is a major global problem, leading to staggering economic losses of around \$2.6 trillion annually, according to the National Center for Biotechnology Information (NCBI).

According to the National Restaurant Association, 4-10% of purchased food is wasted before reaching customers, and a shocking 30-40% of served food goes uneaten. An estimated \$162 billion of food generated in restaurants is wasted yearly (U.S. Department of Agriculture, 2017).

Research from Cornell University's School of Hotel Administration highlights

the importance of efficient food and beverage management, with a focus on minimizing waste reducing food costs.

The global food-ingredient market is projected to reach \$475.4 billion by 2031, growing at a 5.8% CAGR. The food-waste management sector, meanwhile is ballooning, projected to reach a staggering \$121.8 billion by 2033 (from \$70.0 billion in 2023) with a CAGR of 5.7%. This growth paints a grim picture, driven by escalating food waste, with uneaten or leftover food becoming a major burden. Effective solutions are desperately needed to curb this alarming trend.

THE MULTIFACETED FOOD-COST PUZZLE

Managing food costs is essential for any food service operation, given its multi-dimensional nature, and adds complexity. A few key factors contribute to food costs:

- Ordering
- Pricing
- Receiving
- Storage
- Issuing
- Portioning
- Cash Collection
- Packaging
- Staff Involvement

The challenge of managing food costs and waste in the hotel industry is complex but not insurmountable. One obvious and powerful tool is inventory control. Through regular stock checks, periodic automatic replacement (PAR), and analyzing factors like usage, delivery schedules, and even losses (theft), hoteliers can optimize inventory levels for a smooth operation. By constantly reviewing spending, implementing smart ordering practices, and creating custom cost-saving plans, hoteliers

“

From Michelin-starred restaurants to busy cafeterias, sprawling golf courses, luxurious cruise lines, vibrant retirement communities, extensive franchise chains, and thriving catering services, food waste affects every corner of the hospitality sector.”

can further achieve long-term financial stability. This approach not only unlocks significant savings but also promotes sustainability and gives them a competitive edge.

Operational errors are inevitable in any kitchen, too. However, the true cost of these mistakes arises when they're concealed. Cultivating a culture of transparency is essential for effectively addressing food waste. By openly discussing issues like overcooked steaks, mishandled prep work, or spoilage due to outdated inventory, hoteliers can quickly identify the root causes of waste

and implement corrective measures. This approach promotes staff accountability and fosters a sense of ownership over waste-reduction efforts.

TURNING WASTE INTO PROFIT

By implementing strategic food-waste reduction initiatives, hotels and restaurants can achieve significant financial gains, environmental responsibility, and industry leadership. Regularly analyzing food and beverage spending leads to optimized cost management. A systematic approach with continuous internal monitoring further ensures lasting success and accountability. This ongoing journey to minimize food waste demonstrates a commitment to sustainability and financial prudence. ■



Vignesh Mani, a seasoned Consulting Partner at ERA Group (formerly Expense Reduction Analysts), is a world-leading specialist in cost management and spend analysis. As an AAHOA Allied Member, ERA Group offers tailored expertise to the hospitality and leisure industry. Based in Atlanta, GA, he continues to drive innovation in technology strategy and cost management solutions. Vignesh has an MBA from the University of Chicago Booth School of Business. Contact him at vmani@eragroup.com.



All things new

Is your hotel in need of a renovation?

by STEPHEN OVERCASH

TO STAY RELEVANT AND thrive in the marketplace, it may be time for your hotel to engage in a “renovation.” While renovations are vital to stay competitive, it’s also important to reinvent your hotel to help cater to the evolving needs of your customers. In the hospitality industry, change in guest preferences occurs quickly and constantly. What’s the difference between a renovation and a renovation, and why is it important to the financial health of your hotel and to the guest experience?

National brands typically dictate that their franchisees upgrade their interiors

on a seven-to-10-year cycle. Property improvement programs (PIPs) are cosmetic and include refreshing the finishes and replacing worn furniture. After 14-20 years, the renovations are required to be more aggressive with upgrades typically reflecting an evolution of the brand prototype, with internal and external renovations. While refurbishment and “lipstick” are helpful, it’s often insufficient for capturing generational trends and demands.

Renovations can help raise the hotel’s standing in the marketplace, elevate the guest experience, and increase RevPAR. Renovations are transformative with a focus on responding to evolving needs of the guests. Gen Z has different

expectations than millennials and Gen X. Baby boomers are still a significant part of the travel industry, but they aren’t the future of hospitality design and trends. Who can predict what Generation Alpha will demand?

Renovations are more than surface aesthetics, new finishes, and comfortable furniture. They require researching trends and market preferences to deeply understand and celebrate the local culture. Historically, storytelling has been reserved for luxury brands in locations with a rich history or in environmentally interesting locales. Every location has unique stories to tell and should be celebrated in the renovation.



and can be implemented immediately. A renovation will take longer but can be completed in phases during many years. It's of equal importance for a transient-branded hotel as it is for an independent boutique hotel.

Some principles to consider when renovating a hotel include:

1 Tell the story: Discover the unique character of the hotel's context, history, and culture. Celebrate this story throughout the hotel's interior and exterior design. This should extend to food and beverage offerings, artwork, accessories, and architectural details. Storytelling helps create meaning and intention for all design elements.

2 Create experiences and Instagrammable moments: Design a unique courtyard or rooftop amenity with details that promote socialization and encourage selfies. Utilize interesting LED lighting, music, textures, and pleasing aromas to aid in staging experiences. Strengthen these experiences by appealing to all the senses.

3 Upgrade technology throughout: Offer the most current technological advances, including voice-command systems, customized apps, high-speed internet access, and robotics.

Provide remote check-in. Younger generations demand cutting-edge technologies at their fingertips.

4 Improve the environmental-friendliness: Blur the lines between interior and exterior spaces. Relocate a few parking spaces to create an exterior courtyard with interior spaces spilling outside. Remove heavy drapes and celebrate natural light. Use natural and recycled materials. Add plantings to interior and exterior spaces.

5 Integrate healthy design strategies: Consider operable walls that allow fresh air into common areas. Introduce germ-killing sunlight into dark areas of the hotel and use ultraviolet germicidal light sources in elevators, heavy traffic areas, and mechanical ductwork. Replace all entry doors with sensor-operating doors. Provide more air movement in commons areas.

Thoughtful renovations are essential to your hotel's financial sustainability in the marketplace. New hotel brands are being developed rapidly to meet market demands and become the next big thing. Competition is fierce and being distinctive will create a marketable advantage. A renovation will help elevate your hotel, celebrate the ever-evolving needs of guests, and will transform your hotel into a unique, sought-after destination for travelers of all generations. ■

GIVE THE PEOPLE WHAT THEY WANT

With previous generations, hotel selection often was driven by the room rate, or the availability of a hot shower, a soft pillow, and a sports bar in the lobby. Younger generations demand experiences and leading-edge technologies in their overnight stays. They seek healthy hotels friendly to the environment. They love a good story and interesting details that can be posted on Instagram. Aesthetics are key.

To elevate your hotel above the competition, it may need to be transformed through a renovation. A renovation typically is more temporary, surface-applied,



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1984, has provided architectural expertise to clients for more than 38 years in Charlotte, NC, and throughout the eastern United States. ODA's foundation is built on a collaborative and entrepreneurial environment that puts the client first to produce an outstanding experience and FUNomenal Design.

The ultimate gameday experience

A playbook for hotels

by RUSS SPENCER

WITH THE 2024-2025 college and professional football seasons just around the corner, hoteliers are already hard at work turning their properties into vibrant hubs of energy and gameday camaraderie. And, even when football ends, there's always a in-season sport taking place – whether it's a local team's match or major sporting events like the World Series, World Cup, or Olympics, hotel operators can leverage various strategies to create a fun-filled environment that keeps guests – and even nearby patrons – entertained and coming back for more.

TIMING IS KEY

Monitor sports schedules closely, including any potential changes in game times due to television network decisions or other factors. Management will want to ensure they keep TVs available for important games, whether that's by purchasing viewing rights to the specific channels playing the matches or cultivating a fan base for a specific set of teams and only showing games from those cities.

Adjust staffing levels, food and beverage inventory, and promotional activities based on the timing of the game to ensure optimal service and guest satisfaction. Track data from years past to see which game days are the most (and least) popular to staff and order inventory accordingly.

Consider offering early-bird specials or extended happy hours for games that start earlier in the day to attract guests looking for pre-game entertainment. This gets customers into your bar earlier and helps them stay longer, increasing ticket averages and profits.

COMMUNITY ENGAGEMENT

Forge partnerships with local bands, DJs, or entertainers to host live music performances or themed events on game day, creating a lively and festive atmosphere.

Collaborate with nearby businesses, sports clubs, or fan groups to co-promote gameday specials and activities, leveraging their networks and community connections to attract a diverse audience.

Engage with local sports media or bloggers to promote gameday events and specials, reaching a broader audience of sports enthusiasts in the community.

TAILORED MENU AND SPECIALS

Develop a gameday menu featuring a variety of themed dishes and drinks inspired by the teams playing, such as signature cocktails named after star players or hometown favorites.

Offer gameday specials such as discounted appetizer platters, themed combo meals, or “beer bucket” deals for groups, encouraging guests to share and enjoy a communal dining experience.

Create a festive atmosphere in the dining area with sports-themed decorations, team banners, and table centerpieces, immersing guests in the excitement of the game.

INTERACTIVE ENVIRONMENT

Install large-screen TVs throughout the bar area, strategically positioned to provide optimal viewing angles for guests, ensuring everyone has a clear view of the game action.

Incorporate interactive elements into the gameday experience, such as trivia contests, prediction games, or digital scoreboards displaying real-time game updates, engaging guests, and encouraging friendly competition.

Enhance the atmosphere with sports-themed music playlists, sound effects, and crowd chants played over the venue's sound system, creating an immersive and energetic environment.

PROMOTIONS AND DISCOUNTS

Launch targeted promotions to incentivize guests to show team spirit, such as offering discounts or freebies for wearing team jerseys, hats, or accessories.

Implement gameday specials such as discounted draft beers, themed cocktail pitchers or “buy one, get one free” appetizer deals during key game moments, enticing guests to stay and enjoy the full game experience.

Partner with local transportation services to offer discounted or complimentary rides to and from the hotel for game attendees, ensuring a safe and convenient transportation option for guests.

RECREATING THE TAILGATE EXPERIENCE

Set up a designated outdoor area adjacent to the hotel, outfitted with grills, picnic

tables, and lawn games, creating a vibrant tailgate party atmosphere for guests to enjoy.

Offer a diverse menu of tailgate-inspired food and beverage options, including classic BBQ dishes, stadium-style snacks, and specialty cocktails served in souvenir cups or mugs.

Enhance the outdoor experience with live music performances, interactive games, and themed entertainment, keeping guests entertained and engaged throughout the gameday festivities.

EFFICIENT OPERATIONS

Train staff to efficiently manage the increased demand on game day, emphasizing teamwork, communication, and adaptability to ensure smooth operations and exceptional guest service.

Implement streamlined ordering and payment systems, such as mobile ordering apps or contactless payment options, to expedite service and minimize wait times for guests.

Monitor inventory levels closely and proactively restock essential items such as beer kegs, liquor bottles, and gameday specials to prevent shortages and maintain a seamless guest experience.

CUSTOMER EXPERIENCE

Create a welcoming and inclusive atmosphere for guests of all ages and backgrounds, ensuring everyone feels valued and appreciated as part of the gameday

festivities. Be sure to offer options for all customers, including non-alcoholic drinks and food options that are vegetarian or gluten-free.

Offer special amenities and perks for hotel guests, such as exclusive access to gameday events, priority seating in the bar area, or complimentary upgrades to enhance their overall experience.

By implementing these strategies and paying attention to the details, hotels can create an unforgettable gameday atmosphere that delights guests, fosters community engagement, and drives repeat business. From tailored menus and interactive environments to efficient operations and data-driven decision-making, hotels can elevate the gameday experience and establish themselves as premier destinations for sports fans and enthusiasts. ■



Russ Spencer is the Senior Director of Restaurant Success at Craftable, a cutting-edge technology company that empowers restaurants, bars, hotels, and hospitality

businesses, both big and small. Through COVID-19, Russ was part of a team of specialized consultants focused on using government legislation to help small businesses navigate the uncharted times by maximizing their pandemic relief benefits and setting up their businesses for long-term success.



Unlocking efficiency

Rethinking tankless water heater systems

by BRIAN FENSKE and
VICTOR REICHSTEIN

IN THE REALM OF SIZING UP PROJECTS and providing solutions, the routine sometimes can feel like a scene out of “Groundhog Day.” However, amidst the routine, there can be found moments of intrigue, challenge, and even humor. Take, for example, conversations regarding hot water supply in an industrial or commercial setting. It’s difficult to imagine something more mundane, yet there are innumerable facets and factors to consider.

Consider this seemingly straightforward and innocuous real-world scenario:

Can a property deliver 20 continuous gallons per minute (GPM) at 140°F with two 199,000 BTU tankless units and two 119-gallon storage tanks, all supplied by a 40°F incoming water temperature?

To the layperson, this might not seem especially exciting, but to a property

manager or hotelier, it’s make-or-break business.

Upon delving deeper into the specifics, it’s evident the proposed setup wouldn’t suffice. The constraints imposed by the preference for only two tankless units pose a key challenge, sure, but the issue extends beyond mere equipment choice; it’s a matter of fundamental thermodynamics.

SET YOUR BEARINGS

One common mistake many property managers make is misinterpreting a tankless manufacturers’ temperature rise and flow-rate specifications. Manufacturer specifications provide a maximum flow rate or a domestic hot water delivery rate at a known temperature rise with the tankless unit’s maximum BTU capacity and combustion efficiency. However, this isn’t the temperature rise desired or achieved at a



While there are valid reasons for incorporating water storage, such as space constraints or peak demand loads, embracing a storage-less approach can unlock optimal efficiency in water heating systems.”

given pumped rate calculated with a unit fire rate like a domestic hot water boiler.

Instead, the solution to the quandary posted above involves a simpler approach leveraging more BTU input rather than additional storage capacity.

Thus, the problem is easily solved, with no storage needed and the 20-GPM requirement is exceeded at 23 GPM. This system would be capable of providing hot water 24/7 with no recovery time or temperature fluctuations and no need for water storage. This meets the desired flow rate and ensures an uninterrupted hot water supply without the complexities of recovery time or temperature fluctuations.

COMPARING APPLES TO ORANGES

While every situation and property are unique, the root of this problem holds a very common misconception in the

tendency to equate tankless water heaters with traditional boilers, leading to misguided sizing and application. Because tankless systems operate on different principles, they require a nuanced understanding for effective implementation.

One prevalent, but misguided, practice is relying solely on manufacturer specifications for temperature rise and flow rates. These metrics, while informative, don't necessarily translate to real-world performance in diverse applications. Two properties with identical design will have separate needs in different climates. Using the scenario above, a hotel in a chillier climate like Chicago would need more units due to colder incoming water than, say, a property in Phoenix.

Why, then, do so many properties continue to pair storage tanks with tankless units, contrary to the original goal of

efficiency optimization? This inclination tends to stem from a combination of habit and uncertainty, rather than necessity. It's a security blanket that costs us additional money as well as wear and tear on the system. Just because dad did it doesn't make it right.

FIND YOUR FIT

While there are valid reasons for incorporating water storage, such as space constraints or peak demand loads, embracing a storage-less approach can unlock optimal efficiency in water heating systems. Understanding design criteria and the limitations of tankless units, especially concerning continuous high-flow scenarios, is crucial for informed decision-making.

Exceeding recommended flow rates or operating parameters can lead to premature wear and tear, underscoring the importance of proper system design and installation. By rethinking conventional practices and embracing innovative solutions, we can pave the way for a more efficient and sustainable future in hot water systems.

Ultimately, the path to efficiency in hot water systems lies not in clinging to outdated norms but in embracing the potential of emerging technologies and design principles. ■



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Unity and progress

AAHOA celebrates the AANHPI community's contributions to the United States at the White House

by TEAM AAHOA

IN MAY, AAHOA WAS HONORED TO PARTICIPATE in a White House reception celebrating Asian American, Native Hawaiian, and Pacific Islander (AANHPI) Heritage Month. AAHOA Chairman Miraj S. Patel and President & CEO Laura Lee Blake represented AAHOA at the event.

U.S. President Joe Biden and U.S. Vice President Kamala Harris made remarks at the reception, which was



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a significant event that underscores the government’s recognition of the AANHPI community. The reception took place in the historic Rose Garden.

In April, the White House Initiative on Asian Americans, Native Hawaiians, and Pacific Islanders, and the Smithsonian Asian Pacific American Center issued a call for intergenerational connection, action, and reflection. This year marks 25 years since the creation of the White

House Initiative and President’s Advisory Commission on Asian Americans, Native Hawaiians, and Pacific Islanders.

“We were honored and privileged to represent AAHOA and our 20,000 members at the historic White House celebration,” said AAHOA Chairman Miraj S. Patel. “This event highlights the AA and NHPI communities’ remarkable contributions to the U.S., mirroring AAHOA’s representation of Asian American entrepreneurship

in hospitality for the past 35 years. As we reflect on our rich heritage during AANHPI Month, we honor the incredible legacy of Asian American hoteliers and entrepreneurs who have shaped – and continue to shape – our industry and nation.”

“It was inspiring to hear from our nation’s top leaders, each underscoring the historical backdrop, vital contributions, and rich diversity of our communities,” said AAHOA President & CEO Laura Lee Blake. “I am proud to stand with leaders who are dedicated to ensuring the voices of Asian Americans, Native Hawaiians, and Pacific Islanders are heard and respected. We thank the White House for this prestigious invitation and to all who continue to champion AAHOA Members’ contributions and potential.” ■

Reservations reimagined

Cutting through the clutter with generative AI

by EMILY WEISS

WITH THE SUMMER 2024 TRAVEL SEASON winding down, the hospitality industry is coming out of one of its busiest seasons of the year. And despite macroeconomic pressures, the state of the U.S. hotel industry is strong. According to recent industry research, average hotel occupancy is expected to reach nearly 63.6% this year – an increase of 1.3% vs 2023 but just below 2019’s rate of 65.8%.

When it comes to booking a vacation, it can seem like we’re hit by an endless stream of advertisements, competing claims, and recommendations from and for different brands. In fact, 75% of respondents in Accenture’s Consumer Pulse 2024 research said they feel bombarded by advertisements and 73% are overwhelmed by too many options.

Looking specifically at hotel bookings, Accenture’s research revealed the impact of this information overload, with 77% wishing they could identify the available options that suit their needs more quickly and easily, and 70% feeling they check too many sources to understand the available accommodation options. To further illustrate the problem, the research also found consumers feel booking a hotel can be harder than buying a car.

An estimated 73% of respondents said they’d given up and walked away from making a hotel booking in the last three months – a troubling figure that could significantly affect hard-earned loyalty and revenue. How can the industry address this while enhancing and simplifying the experience?

CHECKING INTO THE FUTURE

Picture this: You’re traveling to a new city and aren’t sure where to start with your search. Rather than face a barrage of endless choices and mixed reviews, generative AI (gen AI) steps in as your personal travel advisor, offering tailored suggestions aligning with your preferences, budget, purpose of travel, and specific location. It takes into account elements like your past travel experiences, any loyalty rewards

you might have, and even current local happenings and attractions. This personalized approach provided by gen AI enables travelers to make well-informed and confident decisions swiftly.

According to Accenture’s research, 60% are open to using gen AI advisors to help them find and book a stay and 65% are open to using gen AI agents that can take on a more proactive role in managing their trip.

KEY CONSIDERATIONS

As adoption of gen AI grows, it’s crucial hotels build trust by being transparent about how these tools use guest data and improve the customer experience. Additionally, continuous learning and adaptation will keep gen AI relevant and effective in meeting guest needs. Despite the technological advances, maintaining a unique brand identity is essential to avoid a bland uniformity in travel experiences. Booking a holiday shouldn’t be work, with gen AI also enhancing the elements of the experience the traveler enjoys.

In this evolving landscape, gen AI is emerging as a pivotal force, unlocking the vast potential of the travel industry and ensuring it not only meets but exceeds the expectations of the modern traveler. As its adoption increases and evolves, it will elevate customer interactions, refine the booking process, foster loyalty, and enhance revenue generation. Moreover, gen AI promises to transform the entire travel journey, extending well beyond mere booking processes to bolster traveler confidence and engagement from end to end. ■



As the Global Travel Industry Sector Lead for Accenture, Emily Weiss is responsible for driving the growth of Accenture’s Travel business across Hospitality, Aviation, and Travel Services through the delivery of transformational industry solutions.

Transforming travel

Hotels can leverage this openness to deploy AI advisors that enhance the decision-making process for guests, making it more straightforward and less overwhelming. Here's how hotels can effectively implement gen AI:



An estimated 73% of respondents said they'd given up and walked away from making a hotel booking in the last three months – a troubling figure that could significantly affect hard-earned loyalty and revenue.”

1

Create a personal travel advisor: As mentioned, gen AI can act as a personal travel advisor, offering tailored recommendations based on a traveler's preferences, budget, and situational factors like loyalty program status and local events. This level of customization helps travelers make informed decisions quickly and confidently. Truly successful AI advisors will be available wherever and whenever people need it, requiring an omnichannel, cross-platform solution (in-store, desktop, mobile, etc). The most successful AI agents will be similarly accessible, be personalized to their user, and provide a range of options.

2

Extend expertise: Marriott International's pilot RENAI program in its Renaissance hotels is a prime example. RENAI is like a local insider who knows a destination's best restaurants, secret spots, and can't-miss attractions. In a fusion of new tech and traditional hospitality, hotel associates who know their cities well helped to train RENAI. Guests no longer have to wait until check-in to meet RENAI; they can connect before they leave home.

3

Leverage AI for marketing: In partnership with hotel marketers, gen AI also can be utilized to power creative, personalized, and effective marketing strategies. By analyzing customer data and leveraging the technologies' capabilities in design, research, and content creation, AI can help identify specific guest preferences and deliver more targeted and intuitive marketing campaigns. This targeted approach can lead to higher conversion rates and increased customer satisfaction, as well as saving time and effort for both the company and the customer.



In service of others

AAHOA Board and staff volunteer at Atlanta Ronald McDonald House

by JODI SCOTT

MEMBERS OF AAHOA'S Board of Directors recently stepped outside traditional hotel management and extended a helping hand to families in need at a Ronald McDonald House facility. By serving a meal to families, they offered comfort and compassion to those facing the difficulties of having a child in the hospital.

The Ronald McDonald House program provides a temporary home-away-from-home for the families of seriously ill, critically injured, or

medically fragile children who are receiving treatment at a nearby hospital. There are nearly 400 Ronald McDonald House programs worldwide.

AAHOA provided a buffet meal from a local restaurant, with Board Members and staff serving food to parents, siblings, grandparents, and other loved ones whose children are hospitalized. Board members also toured the facility near Children's Healthcare of Atlanta at Scottish Rite Hospital. The house has 31 rooms, initially opened in 1994, and was





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rebuilt in 2015. The house has helped more than 10,000 families.

This wasn't the first time AAHOA partnered with the Ronald McDonald House. In 2022, AAHOA's significant contribution of \$12,000 to the program, as one of 18 charities receiving funds from \$333,529 raised by members across the United States, made a tangible difference in the lives of these families. AAHOA staff also volunteered there in 2022, providing dinner for families, further reinforcing AAHOA's commitment to this cause.



Philanthropy is a cornerstone of AAHOA. Another way AAHOA gives back to the community is through its Charity Golf Tournaments. Thanks to the generosity of vendor partners, members, and sponsors, AAHOA has donated hundreds of thousands of dollars to charities that touch lives and make the world a better place. Golf tournaments will start soon with more information at AAHOA.com/Golf.

In 2023, AAHOA announced the creation of the AAHOA Charitable Foundation, which will support humanity by providing disaster relief, educational scholarships and grants, charitable initiatives for worthy causes, and humanitarian aid. Pledges to the Foundation can be made via bit.ly/4bAT2cv.

These volunteer efforts and fundraising underscore the profound impact the AAHOA can achieve when members rally together. ■

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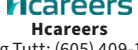





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AAHOA MEMBERS



Members of the 2024-25 Board of Directors in BEST Inhospitable to Human Trafficking Training while they attended the May Board meeting in Atlanta. The BEST training was a refresher before the summer travel season, preparing the Board of Directors to spot and report potential human trafficking cases.



Rep. Diana Harshbarger (R-TN 1st District) recently visited several hoteliers in the Mid South Region, including Ambassadors Tejash Patel and Anup Patel. She also visited a hotel construction site for Towne Place Suites by Marriott. This visit was her second in 2024 after she visited with AAHOA Members in April.



The North Carolina Hotel Owners Conference & Trade Show was a success under the leadership of Regional Director Pinkesh Patel and the Ambassadors. Some 20 new members were obtained, and \$29,000 was raised for AAHOA PAC.



Georgia Regional Director Vik Zaver, Young Professional Director Eastern Division Dylan Patel, and Ambassador Andrew Bhula participated in a charity golf tournament hosted by the SEGA group from Statesboro at the Georgia Southern Golf Course. Proceeds went to local and national charities.



AAHOA Women Hoteliers Director Western Division Shetal Zina Patel recently spoke at the annual Hoteliers for Charity Gala in Los Angeles at the SoFi stadium. This year's event was a fundraiser for OUR Rescue, an organization that rescues people from sex trafficking. The 2023 movie "Sound of Freedom" represents some elements of OUR's early operations that laid the foundation of what their organization is today.

IN ACTION



A fundraiser recently was held for Judy Fitzgerald and Christian Garcia, who are vying for seats on the Escondido City (CA) Council. The event, hosted by Bhavesh and Versha Patel, saw a diverse turnout, with numerous Asian Americans and citizens of Escondido City turning out to express their support for the candidates.



Attendees enjoyed the North Pacific Hotel Owners Conference & Trade Show in San Francisco. Several new Lifetime Members joined the event. Alex Bastian, president & CEO of the Hotel Council of San Francisco, and Dr. K. Srikar Reddy, consul general of India in San Francisco, joined as guest speakers.



A women's reception hosted by AAHOA Women Hoteliers Director Western Division Shetal Zina Patel and AAHOA Women Hoteliers Director Eastern Division Purnima Patel was held in conjunction with the Greater Los Angeles Area & South Pacific Hotel Owners Conference & Trade Show. The event was sponsored by Women Own the Room by Wyndham.



AAHOA Washington, D.C., Area Region held a successful Town Hall in the spring. Guest speakers were Eric Terry, president & CEO of the Virginia Restaurant, Lodging, and Travel Association, and Desiree McDaniel, tourism manager, department of communications, tourism division, City of Newport News, VA. Washington DC Area Regional Director Deepak Patel and Women's Hotelier Director Eastern Division Purnima Patel hosted the event.



AAHOA kicked off its Hotel Owners' Conferences & Trade Shows with a Conference hosted by the Greater Los Angeles Area and South Pacific Regions, and the California Hotel and Lodging Association. The event attracted more than 750 attendees. The regions exceeded their PAC fundraising goal and gained 10 new lifetime members.

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