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OCTOBER 2023 | todayshotelier.com

The Official Publication of AAHOA

• THE ADVOCACY ISSUE •

# Fairness For All

*Advocating for  
America's hotel owners*

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PAGE 22

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<sup>1</sup>Nilson ranking March 2023

<sup>2</sup>JPMorgan Chase Q4 2022 Earnings Presentation

<sup>3</sup>Euromoney, September 2020

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# contents

October 2023 | todayshotelier.com

## 14 Focused

Examining AAHOA's current advocacy priorities, including access to capital, labor shortage, swipe fees, and more

by NICK FORTUNA

## 18

### A seat at the table

Groups that invest heavily in advocacy often get their money's worth

by PETER SOHN

## 22

### Recognizing excellence

Get to know AAHOA's 2023 award winners

by CARTER DAVIS

## FOCUS: ADVOCACY IN ACTION 26

### Goal-oriented

Four key advocacy issues in AAHOA's sights

by NEAL A. PATEL

## departments

- 8 5 THINGS TO KNOW ABOUT AAHOA THIS MONTH
- 9 LETTER FROM THE CHAIRMAN
- 10 LETTER FROM THE PRESIDENT & CEO
- 40 TELL ME SOMETHING GOOD
- 44 AAHOA CLUB BLUE, PLATINUM, SILVER, AND BRONZE INDUSTRY PARTNERS
- 46 AAHOA MEMBERS IN ACTION
- 49 CLASSIFIEDS
- 50 ADVERTISERS INDEX

## columns

### THE C-SUITE

Getting the Facts Right About New Jersey's Fair Franchising Bill..... 12  
by LAURA LEE BLAKE, ESQ.

### INDEPENDENT HOTELIERS

Partnering with purpose: The collective power of advocacy..... 28  
by VIJAL SUTHAR

### TECHNOLOGY

Rise to the challenge: Slaying the supply-chain dragon ..... 30  
by MIKE GRAY

### OPERATIONS

Time for a change: Revolutionizing laundry operations for profitability and superior guest satisfaction ..... 32  
by FABRICE MORINI

### STRATEGY

Building a better brand: Leveraging positive reviews for effective marketing campaigns..... 34  
by STEPHANIE LEGER

### BACK OF THE HOUSE

A winning formula: Effectively assessing and strengthening your in-house maintenance team ..... 36  
by DAN CLAPPER

### FINANCE

On the hunt: Determining whether conventional financing is right for today's interest-rate environment..... 38  
by RUSHI SHAH

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# 5 Things to Know About AAHOA This Month

1

## EXPERIENCE FOUR REGIONAL EVENTS IN FOUR CITIES

This month, don't miss out on the chance to be a part of the AAHOA Regional Conferences & Trade Shows. You'll experience top-tier education and much more in Houston, TX; Columbia, SC; Cherry Hill, NJ; and Detroit, MI. Mark your calendar and join us for an October filled with regional experiences you won't want to miss. [AAHOA.com/Regionals](https://AAHOA.com/Regionals)



2

## 2023 FALL NATIONAL ADVOCACY CONFERENCE

The AAHOA 2023 Fall National Advocacy Conference is taking place this month. This industry affects every single congressional district and every state in the nation, so it's imperative AAHOA has a seat at the table on key issues facing hospitality. The federal advocacy efforts in the past year have put a focus on developing relationships with elected officials and AAHOA Members directly. AAHOA leaders will convene on The Hill in Washington, October 24-25, to do just that and advocate on behalf of America's hotel owners.



4

## SWING INTO ACTION AT THE SOUTHEAST TEXAS CHARITY GOLF TOURNAMENT

Join AAHOA Southeast Texas Regional Director Ailesh Mulji and local Ambassadors at the Tour 18 Golf Course in Humble, TX, where they have replicas of some of the greatest 18 PGA Tour holes. When you join AAHOA at the Southeast Texas Charity Golf Tournament, you'll have the opportunity to walk in the footsteps of professional golfers, network with fellow hoteliers, and raise money for local charities. Register today: [AAHOA.com/Golf](https://AAHOA.com/Golf)

## ADVOCATING FOR FAIR FRANCHISING: DISCUSSING THE DRIVE BEHIND NEW JERSEY ASSEMBLY BILL 1958

AAHOA Chairman Bharat Patel and President & CEO Laura Lee Blake sat down for an in-depth discussion on the association's fair franchising advocacy work, with a specific focus on New Jersey Assembly Bill 1958. From testifying in front of the New Jersey Assembly Judiciary Committee in Trenton, NJ, to proposing amendments to this legislation, AAHOA's dedication to fair franchising has taken center stage. Want more information on why AAHOA supports NJ AB1958 and the association's next steps? **Scan the QR code and watch the interview.**



3

5

## REGISTRATION IS NOW OPEN: HEROWNERSHIP CONFERENCE & RETREAT

Join us for a transformative journey at the AAHOA 2023 HerOwnership Conference & Retreat, November 2-3, at the Beeman Hotel in Dallas, TX! The second annual HerOwnership Conference & Retreat is a celebration of the incredible achievements of women in the hospitality industry. It's a gathering of trailblazers, innovators, and leaders who have paved the way for success and want to share their experiences with YOU. Register now:

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**BHARAT PATEL, CHO, CHIA**  
AAHOA CHAIRMAN (2023-2024)

“

We're cultivating alliances, fostering connections, and strengthening our resolve so, when challenges arise, we're fortified by a network that amplifies our influence.”

## Uniting for impact: your involvement matters

### IT'S MY PRIVILEGE TO SHARE WITH YOU THE REMARKABLE PROGRESS WE'VE MADE

in shaping our future and championing our shared interests.

Our commitment to AAHOA's federal, state, and local priorities, especially the crusade for fair franchising, continues to be the cornerstone of our advocacy efforts. Together, we're driving transformative change, while ensuring fairness, transparency, and prosperity for all members. The strides we've taken resonate far beyond our industry, showcasing the power of unity and determination.

I'm also elated to highlight the strong bonds we've nurtured with India, as exemplified by the distinguished visit from Prime Minister Modi. This momentous occasion not only underscores our global reach but also solidifies our role as leaders, bridging cultures and fostering connections that enrich our collective journey.

Looking ahead, our Fall National Advocacy Conference (FNAC) beckons. This pivotal event offers a unique platform for our leaders to converge in the heart of Washington, D.C., to engage directly with lawmakers, shape policies, and amplify our voices. It's an opportunity to be at the forefront of change – a chance to advocate for our industry with a united front.

I want to emphasize the paramount importance of our AAHOA PAC donations. Your contributions fuel our advocacy engine, empowering us to make a resounding impact on policy decisions that shape our industry's future. Your support ensures we aren't just passive observers but active architects of change.

As the saying goes, “You're either at the table or on the menu,” and the truth in this adage resonates deeply in our pursuit. The time to build relationships is not when we need something – it's when we don't. We're cultivating alliances, fostering connections, and strengthening our resolve so, when challenges arise, we're fortified by a network that amplifies our influence.

I implore every one of you to be an integral part of our advocacy journey. Whether you're a seasoned advocate or a newcomer, your involvement matters. Engage with us, contribute your insights, and be a driving force that shapes the trajectory of our industry.

In closing, I extend my heartfelt gratitude to each member of our esteemed association. Your dedication, passion, and unwavering support are the driving forces that propel us forward. Together, let us continue to make history by advocating for a brighter future and forging a legacy that will endure for generations to come. ■



**LAURA LEE BLAKE, ESQ.**  
AAHOA PRESIDENT & CEO

“  
As we continue to navigate the intricate tapestry of advocacy, I urge every AAHOA Member to actively engage with our initiatives, lend your perspectives, and join us in making a lasting impact.”

# The fight for franchisees

“One lie has the power to tarnish a thousand truths.” – Al David

**L**ARGE HOTEL FRANCHISORS AND their lobbying association, what we'll refer to as "Big Lodging," are falsely claiming that a groundbreaking bill in New Jersey known as Assembly Bill 1958 (NJ franchise bill/legislation) will weaken brand standards, restrict loyalty programs, trigger costly litigation, and undermine crucial vendor partnerships.

Specifically, in recent weeks, opponents (Big Lodging) of the NJ franchise legislation have published a September *LODGING magazine* article and social media postings that contain misconstrued statements and false narratives to prop up their claims that problems exist with the NJ franchise bill.

Their claims could not be further from the truth.

Indeed, hotel franchising business will be *strengthened* by the reforms in this NJ franchise legislation, as explained in a detailed article on page 12 of this issue.

## THE SUSTAINABILITY OF FRANCHISING

The truth is corporate hotel franchisors and their allies are opposed because this legislation would create greater fairness and transparency for the hotel owner franchisees who are running the day-to-day operations.

At a time when the corporate franchisors' total revenues have been increasing by hundreds of millions of dollars on an annual basis, while many hotel-owner franchisees are struggling with greatly diminished yearly returns, it is time to ask pointed questions about the grossly unfair policies and practices being implemented by the franchisors.

If this trend continues, the sustainability of franchising is at risk in the hotel industry.

## THE CHANGING TIDES

Speaking with our AAHOA Members across the country, there is a much greater interest than I have ever before seen in converting their flagged hotels to independent ones.

This is largely because of the ease of using OTAs to supply the guest reservations. However, this change would also provide true freedom from

paying greatly marked-up prices on products, only so the vendors can then kick back tens of millions of dollars in undisclosed fees to the franchisors. It would mean freedom from the franchisors selling \$1 billion in guest loyalty points to Amex and other banks (as happened during COVID) but leaving franchisees holding the bag because they are not reasonably compensated when guests redeem the loyalty points for a free night stay. This would also mean freedom from arbitrary and undisclosed fees on items that do not improve guest experiences or the value of the brand.

These high concerns of unfairness and lack of transparency are being noticed at the top levels.

This is why the NJ franchise bill continues to move forward – because elected officials are hearing the truth about the adverse franchise practices being forced onto hoteliers. The Federal Trade Commission has been seeking information on how to restructure the Franchise Rule and propose new merger guidelines. A recent North Dakota arbitration ruling was levied against Choice Hotels for breaching its franchise agreement by falsely promising it was obtaining volume discounts on vendor products when it never once asked for such discounts, and by using marketing funds to pay key money for the expansion of the franchise, instead of benefitting the franchisees who paid marketing fees for marketing purposes.

Thus, rather than falsely asserting that there are “problems” with the NJ franchise bill, we call on our opponents, Big Lodging, to come to the table and collaborate on ways to strengthen the franchise system with fair terms and increased disclosures.

## MAKING A LASTING IMPACT

As we continue to navigate the intricate tapestry of advocacy, I urge every AAHOA Member to actively engage with our initiatives, lend your perspectives, and join us in making a lasting impact.

Together, we are an unwavering force that drives change and shapes the future of our industry. And truth must guide the way. ■

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# Getting the Facts Right About New Jersey's Fair Franchising Bill

by LAURA LEE BLAKE, ESQ.

## Watch: 4 Pillars of Franchise Advocacy

Watch the Four Pillars of Franchise Advocacy video, where AAHOA Chairman Bharat Patel explains how each pillar guides our advocacy work toward fairness in franchising. These four Pillars of Franchise Advocacy represent the primary issues for which AAHOA advocates on behalf of its member Franchisees.



**F**OR GENERATIONS, THE FRANCHISING model has helped thousands of AAHOA hotelier members achieve the American Dream of running their own business.

Franchisees get the chance to run their hotel businesses with the financial resources and recognizable brand name of a franchisor. But, for too long, corporate franchisors have taken advantage of the hardworking people on the front lines of their businesses.

That is why AAHOA is at the forefront of advocating for legislation in New Jersey, Assembly Bill 1958, that will ensure greater fairness in the franchising system for our hotel owner members. The New Jersey Assembly passed the bill in May handily by 41-28-2. It now awaits action by the New Jersey Senate before it can become law.

This legislation is in line with our Four Core Pillars of Franchise Advocacy to reform rules involving mandated vendors, rebates, loyalty programs, and new fees. But, the groundbreaking nature of this bill is why allies of corporate franchisors, and their lobbying association – or what we refer to as “Big Lodging” – are spreading disinformation to uphold a one-sided and frequently rigged system.

Contrary to the four “problems” identified by Big Lodging in a recent September *LODGING* magazine article, we want to set the record straight with the facts about exactly what this NJ franchise bill will accomplish.

## FACT #1:

**NJ FRANCHISE BILL WILL NOT WEAKEN BRAND STANDARDS. IT WILL ALLOW COMPETITIVE PRICING, BUT A FRANCHISOR WILL HAVE DISAPPROVAL RIGHTS FOR NEW SUPPLIERS.**

Big Lodging is falsely asserting that the NJ franchise bill will weaken brand standards. But significantly, in their published articles, they have failed to cite to a specific provision of the NJ franchise bill that will weaken brand standards. And for good reason: There are none.

While the original 2021 franchise bill had provisions that might indirectly have impacted standards, what Big Lodging failed to disclose is that last year the AAHOA Board of Directors voted unanimously to recommend amendments to the NJ franchise bill to eliminate provisions impacting brand standards. AAHOA leaders then worked closely with the NJ franchise bill's sponsor, NJ Assemblyman Raj Mukherji, to make and adopt widespread amendments regarding same.

The amended NJ franchise bill specifically provides in A1958, section 2(b), that to promote competitive pricing, a hotel owner will be allowed to purchase goods

of “comparable quality” that are available from sources other than those designated by the franchisor. Moreover, it still provides “a reasonable right of the franchisor to disapprove a supplier.” (See, NJ bill section 2(b).)

Consequently, no brand standards will be weakened or impacted. In fact, hotel owners will be able to obtain competitive pricing on products and services with corresponding savings that can be used to increase employees’ wages and decrease room rates.

The claims pushed by Big Lodging and others that these changes would prevent franchisors from requiring compliance with brand standards are false. The truth is transparency will only strengthen brand integrity.

## FACT #2:

**NJ BILL WILL NOT RESTRICT LOYALTY POINTS. RATHER, FRANCHISORS WILL BE REQUIRED TO FAIRLY COMPENSATE FRANCHISEES WHEN POINTS ARE SOLD AND REDEEMED.**

Big Lodging falsely claims that the New Jersey bill ultimately will eliminate loyalty-point programs in the state. Nothing could be further from the truth. Again, they failed to cite any specific provision of the NJ franchise bill that will restrict loyalty points because none exist.

Instead, the NJ franchise bill will require franchisors to compensate franchisees for the sale of loyalty points at either the lowest publicly advertised room rate or value of points sold when a guest redeems these points. It also will prevent franchisors from imposing fees on hotel owners for failing to enroll a minimum number of guests in a loyalty program. The truth is loyalty point programs will only be subject to rules ensure hotel owners are fairly compensated. (See, NJ bill sections 2(f), (g).)

Given there are no restrictions whatsoever on the loyalty points themselves or the guests who want to use them, any assertions otherwise are false and misleading.

*continued on page 48*



# Debunking New Jersey Legislation

The following outlines and counters popular misconceptions\* regarding the provisions found in New Jersey Bill A1958.

## PROBLEM 1

**FALSE**

**Weakening brand standards**

*(No bill section cited in support of false problem)*

**TRUTH**

**NJ franchise bill will not weaken brand standards; it will allow competitive pricing, but a franchisor will have disapproval rights for new suppliers**

*(See NJ bill section 2(b))*

## PROBLEM 2

**FALSE**

**Restricting loyalty points**

*(No bill section cited in support of false problem)*

**TRUTH**

**NJ bill will not restrict loyalty points; rather, franchisors will be required to fairly compensate franchisees when points are sold and redeemed**

*(See NJ bill section 2(f), (g))*

## PROBLEM 3

**FALSE**

**Triggering costly litigation**

*(No bill section cited in support of false problem)*

**TRUTH**

**Costly litigation will not arise unless a franchisor fails or refuses to comply with the new law**

*(See entirety of NJ bill)*

## PROBLEM 4

**FALSE**

**Undermining crucial vendor partnerships**

*(No bill section cited in support of false problem)*

**TRUTH**

**NJ bill will not undermine vendor relationships; instead, it will require all vendor fees and kickbacks to be fully disclosed**

*(See NJ bill section 2(a))*

\*Reference: *LODGING Magazine*, September 2023, "The Fight for Franchising"

# Examining AAHOA's current advocacy priorities, including access to capital, labor shortage, swipe fees, and more

by NICK FORTUNA

**W**ITH A PRESIDENTIAL ELECTION LOOMING IN 2024 AND THE PARTIES BITTERLY DIVIDED, MOST POLITICAL observers don't expect Washington to accomplish much anytime soon. In fact, heading into October, there was real doubt about whether Congress would even agree to keep the lights on.

A showdown between the House and Senate over next year's budget sparked concerns the government would shut down Oct. 1, potentially hurting the whole economy unless it were resolved quickly.

Still, amid the blustering and inaction, opportunities to score a meaningful policy victory – or stave off a costly loss – sometimes do emerge. That's why AAHOA is coming out of the COVID-19 pandemic "roaring on the advocacy front," according

to Neal A. Patel, managing partner of the Washington-based lobbying firm Patel Partners.

State and federal advocacy have been a top priority for AAHOA Chairman Bharat Patel and Laura Lee Blake, the association's president and CEO. From hosting Capitol Hill fly-ins each spring and fall, to having members of Congress attend AAHOA regional meetings and town halls, to hosting back-of-the-house tours with

elected officials, AAHOA is utilizing its strongest asset – its membership – to advocate for itself, Neal Patel said.

"Our industry affects every single congressional district and every state in the nation, so it's imperative AAHOA has a seat at the table on key issues facing the industry," said Patel, AAHOA's federal lobbyist.

In the past year, AAHOA's federal advocacy efforts have focused on developing relationships with elected officials and

# USED

connecting them with members, Patel said. The struggles and powerful success stories of members are the hospitality industry's most effective marketing tool, along with its proven record of creating jobs, bringing in tourism dollars, and bolstering local economies.

When AAHOA Members share their personal and business stories, they give the industry a face and a name. In time, the relationships members form with elected

officials can have a real impact on the entire industry.

## **LOAN LIMITS AND LABOR**

For AAHOA, access to capital is one area of focus, Patel said. The reason is simple: Members face the same issue with it every day, no matter their geography or the brand of their hotel, he said.

The Small Business Administration (SBA) program allows many hoteliers to

enter the industry, and AAHOA wants it to continue serving that function. That's why AAHOA is advocating for an increase in the maximum loan amount for the SBA 7(a) program, Patel said.

The maximum amount for an SBA 7(a) loan is \$5 million, and that was set 13 years ago, Patel said. Given that length of time and high inflation rates during the past few years, borrowers have seen their purchasing power erode significantly since 2010.

# On the RADAR

Among the legislative proposals AAHOA is tracking is the National Human Trafficking Hotline Enhancement Act, H.R. 2601, sponsored by Reps. Laurel M. Lee (R-Fla.) and Kathy Castor (D-Fla.).

The bill would require entities contract with the National Human Trafficking Hotline to cooperate with state and local law enforcement when receiving tips through the hotline.

AAHOA has endorsed the bill as part of its broader effort against human trafficking. AAHOA Members routinely coordinate with law enforcement agencies and social services to ensure hotels and motels are safe for everyone.

Lee said the hotline has provided more than 15,000 tips to law enforcement since its inception in 2007, and until recently, its operator, Polaris, had cooperated with law enforcement to fight human trafficking. But, in a recent policy change, Polaris decided not to communicate tips to law enforcement officials unless victims self-report.

“For the hotline to operate effectively, there cannot be a divide between their efforts and those of law enforcement,” Lee said in a statement.

In April, Lee said 36 state attorneys general had contacted House and Senate leadership to express outrage that the hotline wasn’t automatically sharing tips with law enforcement. Her bill would amend a section of the Trafficking Victims Protection Act of 2000 to address the issue.

“

When AAHOA Members share their personal and business stories, they give the industry a face and a name. In time, the relationships members form with elected officials can have a real impact on the entire industry.”

AAHOA is asking for the maximum loan amount to reflect today’s market rates, so it’s advocating for loans to be capped at closer to \$10 million or \$15 million, Patel said.

The persistent labor shortage is another key advocacy issue for the association. As the effects of the pandemic subside, the industry continues to face a shortfall of more than a million workers, Patel said. In response, AAHOA is taking a multipronged approach.

AAHOA has come out in support of the Essential Workers for Economic Advancement Act, H.R. 3734, sponsored by Rep. Lloyd Smucker (R-PA). The bill aims to fill jobs through a new classification of

visa – the H-2C nonimmigrant visa program for seasonal workers, Patel said.

“AAHOA engaged early with Representative Smucker’s office and made the legislation a hallmark of our advocacy efforts earlier this year, and the bill gained enough support to be introduced in a bipartisan manner,” Patel said.

The legislation, also supported by Rep. Henry Cuellar (D-TX), creates a pathway for workers to come to the United States on three-year visas that could subsequently be renewed for an additional six years.

The program is intended for small businesses in industries with comparatively low sales per employee, and it would be available for nonagricultural jobs with lower education thresholds that have been unfilled for extended periods of time.

In June, the National Restaurant Association (NRA) called for passage of the bill, saying 79% of restaurant operators currently have job openings that are hard to fill.

The special visas initially would be made available to only 65,000 new workers, and after the first year, the number of workers would range from 45,000 to 85,000 annually, depending on market need.

According to the NRA, almost 40% of restaurant operators cite recruiting and retaining workers as their top challenge, a sentiment many hotel operators would echo. While endorsing the bill in July, AAHOA noted employment in the leisure and hospitality industry remained below its February 2020 level by 369,000 jobs, according to federal data. Meanwhile,

there were more than 100,000 job vacancies posted on Indeed.

The bill hasn't made it out of committee yet. The Biden administration already had expanded the temporary nonagricultural worker H-2B visa program to include an additional 64,000 workers in fiscal-year 2023. That's in addition to the 66,000 H-2B visas that are normally available each year.

Even with the proposed H-2C visas, the total number of available visas wouldn't do much to address the national dearth of workers.

AAHOA also is taking a more active role in the Critical Labor Coalition, formed to find solutions to the labor shortage. The group includes trade associations, nonprofits, corporations, and individual business owners, and it advocates for policy changes to remove the barriers keeping many people from working.

In July, Patel represented AAHOA as the Critical Labor Coalition provided Capitol Hill staffers with an update on the worker shortage and its effects on small businesses. During his presentation, Patel urged passage of the Essential Workers for Economic Advancement Act.

### FIGHTING FOR FAIR FEES

AAHOA is advocating on a host of issues, including fair franchising, online travel agencies, protecting 1031 exchanges, increasing per-diem rates, and combatting human trafficking. This year in Washington, AAHOA has sought out like-minded groups to amplify its voice, Patel said.

As an example, Patel pointed to AAHOA's decision in July to join the Merchants Payments Coalition (MPC), which is dedicated to combatting excessive swipe fees from credit and debit cards. At the average swipe-fee rate of 2.24%, hotel operators in the U.S. would lose approximately \$3.1 billion in annual revenue if every hotel room were paid for by card.

Credit- and debit-card swipe fees have more than doubled during the past decade to a record \$160.7 billion last year, according to the MPC. The fees are most merchants' highest operating cost after labor, and they drive up prices by more than \$1,000 a year for the average family, the coalition said.

"AAHOA Members know the impact of these rising fees on their businesses and their customers, and we're glad to have them by our side," said Doug Kantor, a member of the MPC's executive committee and general counsel for the National Association of Convenience Stores.

"Along with our existing member associations, adding hotels helps show Congress the wide range of industries that are affected by swipe fees and the need to take action to bring competition to the broken swipe-fee market," Kantor added.

### A VISIT FROM A VIP

AAHOA strives to build relationships with elected officials in Washington, and a special moment came in June, when the White House welcomed Indian Prime Minister Narendra Modi for a four-day

state visit. AAHOA's leadership was invited by the White House to attend the welcoming ceremony on the White House lawn, Patel said.

Later in the day, AAHOA's leadership was at Capitol Hill to hear Modi's address to a joint meeting of Congress. Patel pointed out that in May, Chairman Patel and President & CEO Blake had written letters to congressional leaders on behalf of AAHOA, encouraging them to extend Modi an invitation.

"And they listened," Neal Patel said. "AAHOA's presence is being felt in Washington and at home." ■



Don't miss this special video of Rep. Richard McCormick, MD, MBA (GA) showcasing his skills at performing several of the important daily tasks hoteliers must do every single day to provide exceptional service for their guests. As a decorated veteran and Emergency Room physician, it is no surprise that Rep. McCormick did an impressive job.

AAHOA was honored to have Rep. McCormick join us at the Staybridge Suites in Atlanta for this special Back-of-the-House tour, but even more excited to develop closer relations with him as a strong Representative in our home state of Georgia.

Scan the QR code to watch now.



# A Seat at the Table

Groups that invest heavily in advocacy often get their money's worth

by PETER SOHN

**I**N WASHINGTON, REPRESENTING big business is a huge business in and of itself.

Last year, the top 10 spenders on federal lobbying paid out \$326.6 million to influence lawmakers on Capitol Hill, according to an analysis by Roll Call. That total represented an increase of 17% from 2021, which is no surprise given that 2022 was a midterm election year.

The National Association of Realtors spent \$81.5 million on lobbying in 2022, almost twice as much as in 2021, to wrest the top spot from the U.S. Chamber of Commerce, which spent \$79.4 million.

Rounding out the top 10 were business interests representing some of the country's biggest industries: PhRMA (\$28.3 million), the American Hospital Association (\$22.1 million), American Medical Association (\$20.5 million), Business Roundtable (\$20.4 million), American Chemistry Council (\$19.8 million), Amazon (\$19.7 million), Meta Platforms (\$19.2 million), and AARP (\$15.9 million).

Washington-based lobbyist Andrew Schwab, who has extensive experience in health care, said it's no wonder health-care organizations consistently rank among the top spenders. Total health-care expenditures grew 2.7% to \$4.3 trillion in 2021 and accounted for 18.3% of U.S. gross domestic product, according to the Centers for Medicare & Medicaid Services.

### DEEP IMPACT

With so much money at stake every year, even relatively small policy changes can have a major impact on entire industries over time. As the nation's largest health-care payer, the federal government is a "vital customer" for most companies involved in providing health care, so it's "critical that those businesses share their views about how policy is developed and implemented," Schwab said.

"If you're an industry facing any form of government regulation, advocating your views to policymakers and regulators is critical," said Schwab, who recently launched a Washington consulting firm. Prior to that, he established the


government-affairs office at Oak Street Health, a publicly traded network of primary-care health centers that was recently purchased by CVS Health.

Schwab said that while small-business owners like hoteliers might find it daunting to advocate for policy issues, it's "quintessentially American" to petition the government for a redress of grievances, as stated in the First Amendment. Besides, elected officials and regulators want to hear from the people who employ their constituents and drive local economies, Schwab said.

"Most public servants welcome the opportunity to learn about the intricate services, business operations, and community benefits various sectors provide so they can make the most-informed decisions possible when determining policy," Schwab said. "It's incumbent upon those who operate those businesses to share their views with policymakers."

### NOTCHING VICTORIES

The AARP serves as a prime example of what an association with an engaged



membership can achieve. Back in 2005, the advocacy group for Americans ages 50 and older spent a whopping \$36.3 million on lobbying. Why so much in a year without federal elections?

That was the year President George W. Bush outlined a plan to privatize Social Security, and preserving safety-net programs like Social Security and Medicare are the AARP's top priority. With more than 38 million members, the association is the largest nonprofit group in the country and, as such, has played a major role in some memorable political brawls.

Just last summer, the AARP celebrated a win when President Joe Biden signed the Inflation Reduction Act, empowering

Medicare to negotiate prices for certain drugs, capping out-of-pocket costs for Medicare Part D beneficiaries, and imposing tax penalties on drugmakers that increase prices beyond the rate of inflation.

The battle over negotiated drug prices illustrates how opposing sides of a policy discussion can spend millions of dollars on lobbying and end up with a draw or a split decision. The AARP and other patients' groups wanted Medicare to be able to negotiate prices on all drugs, beginning right away, while PhMRA, which represents branded drugmakers, wanted to prevent the government from negotiating prices at all.

In the end, lawmakers reached a compromise, and lobbyists on both sides got paid. The Inflation Reduction Act allows Medicare to negotiate prices for 10 drugs beginning in 2026 and up to 140 by 2033.

Would either the AARP or PhMRA have been better off not spending so much on lobbying, given that they each got half a

loaf? It's hard to say, but in the high-stakes world of federal lobbying, unilateral disarmament represents an unacceptable risk.

In time, groups such as the AARP have chalked up many victories. The association pushed for President Bush's 2003 bill creating Medicare Part D, which added prescription-drug coverage to Medicare, and worked with President Barack Obama to close gaps in Part D coverage.

The AARP also supported passage of the Affordable Care Act and the Family Medical Leave Act, the rollout of the National Do Not Call Registry, authorization of over-the-counter hearing aids, extending Medicare coverage to telemedicine, protecting cost-of-living adjustments to Social Security benefits and extending workplace retirement-savings programs to part-time employees.

#### **PART OF THE PROCESS**

Even the most-skilled lobbyists sometimes fail to deliver for their clients, however, so Schwab said it's important for AAHOA Members to stay engaged with lawmakers. He said hoteliers should remember an old adage that remains popular on Capitol Hill: If you're not at the table, you're on the menu.

"When a critical mass of organized interest groups comes together – whether everyday Americans or industry leaders led by their trade associations and in-house advocacy leads – it really can make a tremendous difference," Schwab said. "Professional, intentional, and organized advocacy is important in any sector when it comes to what government policies end up looking like when passed.

"If you have a stake in that fight, you're going to want your voice heard," he added.

Each year in Washington, lobbyists win and lose major political battles on behalf of their clients. Here are three important examples:

“

Most public servants welcome the opportunity to learn about the intricate services, business operations, and community benefits various sectors provide so they can make the most-informed decisions possible when determining policy.”

# 1 CORPORATE POLITICAL DISCLOSURE

In 2013, the Securities and Exchange Commission removed an item from its regulatory agenda that would have required businesses to disclose their political donations to shareholders.

Koch Industries, the Chamber of Commerce, the Construction Industry Round Table, and other business interests lobbied the SEC to scrap the rule, winning out over government watchdog groups, academics, investors, and other groups favoring transparency.

# 2 TAX CUTS

All the big guns came out in 2017, when Congress was negotiating a tax-reform bill that would become President Donald Trump's signature legislative achievement. Among the key provisions was a reduction in the corporate tax rate to 21% from 35%, a major victory for businesses.

More than 4,600 lobbyists were engaged on the tax components of the legislation, according to Public Citizen, a nonprofit watchdog group.

Just in the three months leading up to the bill's passage, the National Association of Realtors spent \$22.2 million on lobbying, while the Business Roundtable, made up of CEOs from leading companies, spent \$17.3 million, and the Chamber of Commerce spent \$16.8 million, according to the Associated Press.

For the realtors, the biggest issue was making sure homeowners wouldn't have to pay capital-gains taxes when selling a primary residence, and the final bill preserved that exclusion.

# 3 CONSUMER PRIVACY

Reuters made big news in 2021 when it reported Amazon had killed or undermined privacy protections in more than three dozen bills across 25 states during the span of several years. The e-commerce behemoth has amassed a valuable trove

of personal data on millions of American consumers.

In Virginia, for example, the company increased its political donations tenfold during a four-year period before convincing legislators to pass an industry-friendly privacy bill in 2021 that Amazon itself drafted, according to Reuters, which reviewed the company's internal communications. ■

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# Recognizing Excellence

Get to know AAHOA's  
2023 award winners

by CARTER DAVIS

**E**ACH YEAR, AAHOA honors a select few who go above and beyond in their service to the hospitality industry. This year, winners were announced at the general session of the 2023 AAHOA Convention & Trade Show in Los Angeles, CA. The annual AAHOA Awards Program recognizes the best of the best, and what follows is just a glimpse at what makes these winners so special as we explore why they're so passionate about belonging to AAHOA.

AAHOA is proud to have dedicated and innovative leaders who light the path for future generations.

## Mahesh Ratanji

### AAHOA Award of Excellence

#### HOW LONG HAVE YOU BEEN AN AAHOA MEMBER AND WHY DID YOU JOIN?

I've been an AAHOA member for 10 years. AAHOA is a well established platform with countless benefits, and it's a great organization with a strong representation of hoteliers.

#### HOW HAS AAHOA MEMBERSHIP SHAPED YOUR PROFESSIONAL CAREER?

AAHOA membership provides me and my company with the tools, knowledge, and insight necessary for success in the hospitality industry. It has allowed me to network with many other AAHOA Members and learn about the opportunities and challenges in the industry. AAHOA has endless connections to financial institutions, vendors, franchises, and more that are invaluable in the hospitality business sector.

#### WHAT ADVICE CAN YOU GIVE TO HOTELIERS WHO HAVEN'T YET JOINED AAHOA?

Join AAHOA! Being an AAHOA Member will bring a wealth of knowledge and broaden your horizons in hospitality, which only benefits you and your business.





# Chandrakant (Chan) Patel

## Cecil B. Day Community Service Award

### HOW LONG HAVE YOU BEEN AN AAHOA MEMBER AND WHY DID YOU JOIN?

I joined AAHOA in 1989. HP Rama is a friend of mine and I wanted to support him in promoting this new organization.

### CAN YOU TALK A LITTLE BIT ABOUT YOUR HISTORY OF COMMUNITY SERVICE?

Internationally, I've donated to Cath Labs in India near Surat for heart catheterization, which has saved many lives. I also sponsor free heart stress tests for members of our community in the Dallas-Fort Worth area, and 300 members of our community took advantage of this event.

### WHAT ADVICE CAN YOU GIVE TO HOTELIERS WHO HAVEN'T YET JOINED AAHOA?

Economically, the fee paid to join AAHOA is recovered multiple times over through the benefits AAHOA offers. And, the more members in AAHOA, the stronger is its collective voice.

# The Metric Hotel

## IAHA Independent Hotel of the Year Award

Answers provided by Sumit Vanmali

### HOW WOULD YOU DESCRIBE THE METRIC HOTEL?

The Metric is an affordable luxury boutique hotel in the Downtown Los Angeles market made for modern travelers. We run on a tech-driven, limited-staff model that focuses on guest satisfaction by providing a clean and consistent guest experience.

### WHAT'S UNIQUE ABOUT THE METRIC HOTEL?

The Metric is a design-focused hotel with a guest experience unlike a traditional property and guests love that. Check-in is quick and easy via mobile or kiosk, rooms are spotless, and the casual experience makes us feel more like a hotel/short-term rental hybrid.

### WHAT SPECIFIC CHALLENGES DO INDEPENDENT PROPERTIES FACE IN TODAY'S MARKET?

Two of the biggest challenges independent properties face today are competing for direct bookings vs. OTA's large marketing budgets and incorporating a tech stack that is on par with branded chains in the marketplace. This is especially true for revenue/yield management-related software, which is critical in today's dynamically priced room distribution model.





# Harold Daniels

## Outreach Award for Philanthropy

### HOW LONG HAVE YOU BEEN AN AAHOA MEMBER AND WHY DID YOU JOIN?

I've been an AAHOA Member for many years, and I joined because they keep the hotels going and help hotels.

### CAN YOU TALK A LITTLE BIT ABOUT YOUR PHILANTHROPIC EFFORTS AND WHY YOU FEEL IT'S SUCH AN IMPORTANT UNDERTAKING?

I have been living the dream for more than 40 years. I love helping those in need and have been doing this from the time I was 10 years old. There is a need to help those who need help.

### WHAT ADVICE CAN YOU GIVE TO HOTELIERS WHO HAVEN'T YET JOINED AAHOA?

Hoteliers must join to support AAHOA because numbers have power. Today, with cities, counties, and state governments stepping on hotels' rights, someone has to be a watchdog, and there is strength in numbers.

# Nimisha Patel

## Outstanding Woman Hotelier of the Year Award

### HOW LONG HAVE YOU BEEN AN AAHOA MEMBER AND WHY DID YOU JOIN?

I've been with AAHOA, as a member, since 2004. I joined because it was an organization in our industry to be a part of for connections, information, and knowledge.

### HOW HAVE YOU SEEN AAHOA WORKING TO HELP EVEN THE PLAYING FIELD REGARDING WOMEN IN THE INDUSTRY?

While a member, I had the opportunity to take a leadership role as a Director. In doing so, I saw the initiatives the organization was taking to level the playing field for all women and men. During my time, I was able to get many women more involved in pertinent issues that affect our lives personally and professionally. AAHOA has always supported that.

### HOW HAS AAHOA MEMBERSHIP SHAPED YOUR PROFESSIONAL CAREER?

The continued growth I see in AAHOA is a reason why all members of the hospitality industry should join. It is a great network of professionals and knowledge that give you support.





## Rickesh (Ricky) Patel Outstanding Young Professional Hotelier of the Year Award

### **HOW LONG HAVE YOU BEEN AN AAHOA MEMBER AND WHY DID YOU JOIN?**

I've been an AAHOA member since 2017 and joined after attending AAHOA events with my father. I was shocked to learn that AAHOA was so large, which led me to become a lifetime member in 2019.

### **HOW HAS AAHOA MEMBERSHIP SHAPED YOUR PROFESSIONAL CAREER THUS FAR?**

AAHOA has been very beneficial for my professional career. AAHOA events such as conventions, Town Halls, webinars, and regionals provided me with resources, vendors, and contacts that accelerated my hotel career further. I was also able to utilize the education AAHOA offers by taking their CHO and CHIA courses.

### **WHAT ADVICE CAN YOU GIVE TO HOTELIERS WHO HAVEN'T YET JOINED AAHOA?**

Joining AAHOA provides hoteliers with an abundance of resources, advocacy, and education. The resources and connections AAHOA brings to their members is unmatched. I encourage all hoteliers to be a part of AAHOA and to get involved.

## Danny Gaekwad Political Forum Award for Advocacy

### **HOW LONG HAVE YOU BEEN AN AAHOA MEMBER AND WHY DID YOU JOIN?**

I've proudly been an AAHOA Member since almost the inception of the association, and it has allowed me to meet the great leaders of hospitality and make some amazing friends along the way.

### **WHY ARE YOU SO PASSIONATE ABOUT ADVOCACY, AND DO YOU THINK IT'S SOMETHING THAT NEEDS GREATER ATTENTION ACROSS THE INDUSTRY?**

There is no progress without it, and we need to focus 200% more on advocacy because our world's largest hotel owner association definitely has the money and relationships to reach the highest level and fight for our industry. If we don't focus on advocacy then other organizations will continually be heard over us.

### **WHAT ADVICE CAN YOU GIVE TO HOTELIERS WHO HAVEN'T YET JOINED AAHOA?**

AAHOA has deep relationships with city, state, and national leaders in politics and hospitality and there's a good chance AAHOA can help solve your problems. The AAHOA PAC can help you get involved in your community and develop relationships with your leaders. Developing relationships takes years and years but it's worth every penny and ounce of sweat you put in. Being on the world's largest hotel owner group team, you aren't alone in your fight! ■



## Four key advocacy issues in AAHOA's sights

by NEAL A. PATEL

# Goal-oriented



### MONEY MATTERS

On the legislative front, access to capital remains one of the strongest issues we are pursuing for AAHOA Members. Why is that? Simply put, our members face the same issue with it every day, no matter the geography or brand of the hotel. The Small Business Association (SBA) program allows many hoteliers to enter the industry. We want to see it continue serving in that role. That's why AAHOA is advocating for an increase in the maximum loan amount for the SBA 7(a) program. Currently, the maximum amount for an SBA 7 (a) loan is \$5 million. That amount was set 13 years ago. As many AAHOA Members can attest, that amount of money had a much stronger purchasing power in 2010 than it does today. We are seeking bipartisan support to have that maximum loan amount reflect what today's market rates dictate, which is closer to \$10-15 million.



### WHERE ARE THE WORKERS?

Another issue the industry is facing involves the labor shortage. As the effects of the pandemic subside, the industry continues to suffer from a worker shortage north of 1 million jobs. AAHOA is actively involved on multiple fronts regarding this matter. Legislatively, AAHOA is supportive of legislation like that offered by Congressman Lloyd Smucker (R-PA), H.R. 3734 – the Essential Workers for Economic Advancement Act. The bill aims to fill jobs with a new classification H-2C nonimmigrant visa program for seasonal workers. AAHOA engaged early with Rep. Smucker's office and made the legislation a hallmark of our advocacy efforts earlier this year. The bill gained enough support to be introduced in a bipartisan manner.

**A**AHOA IS COMING OUT OF THE COVID-19 pandemic roaring on the advocacy front. You're seeing a new commitment from Chairman Bharat Patel and President & CEO

Laura Lee Blake toward state and federal advocacy. From hosting two annual Capitol Hill fly-ins (one in the spring and another in the fall) to having members of Congress attend AAHOA Regionals and Town Halls to hosting back-of-the-house tours with elected officials, AAHOA is utilizing its strongest asset – its membership – to advocate for itself. This industry affects every single congressional district and every state in the nation, so it's imperative AAHOA has a seat at the table on key issues facing the industry. The federal advocacy efforts in the past year have put a focus on developing relationships with elected officials and AAHOA Members directly.

Here are four key areas where AAHOA is focusing its advocacy efforts in the near- and long-term future.



ALBERTO ANDREI ROSU/SHUTTERSTOCK.COM



**TEAMWORK TIME**

None of this is to say that matters surrounding fair franchising, OTAs, fighting for an increase in per diem rates, protecting 1031 exchanges, or combatting human trafficking are any less important. AAHOA is advocating for those as well. This year in Washington, AAHOA has focused on joining forces with like-minded groups to amplify its voice. For example, AAHOA joined the Merchants Payments Coalition in an effort to provide an industry presence to combat increases in swipe fees from credit cards. (For more info on this partnership, see the feature article on p14). AAHOA also is taking a more active role within the Critical Labor Coalition to bring the viewpoint of hotel owners to the forefront.



This industry affects every single congressional district and every state in the nation, so it's imperative AAHOA has a seat at the table on key issues facing the industry."



**IT'S WHO YOU KNOW**

Another aspect AAHOA focuses on is its interactions with elected officials in Washington. During the official state visit of Indian Prime Minister Narendra Modi in June, AAHOA leadership was invited by the White House to attend the welcoming ceremony on the White House South Lawn. Later in the day, AAHOA leadership was in attendance on Capitol Hill during Prime Minister Modi's joint meeting with Congress as guests of Members of Congress. Of note, in May, Chairman Patel and President & CEO Blake wrote to congressional leaders encouraging them to extend the opportunity to the Prime Minister. And they listened. AAHOA's presence is being felt in Washington and at home. ■

*Neal A. Patel is the managing partner of Patel Partners, a government relations firm located on Capitol Hill, and he can be reached at [neal@patelpartnersdc.com](mailto:neal@patelpartnersdc.com).*

# Partnering *with* purpose

## The collective power of advocacy

by VIJAL SUTHAR

**I**NDEPENDENT HOTELIERS FREQUENTLY question the value of engaging with advocacy groups, debating whether their involvement can yield significant impact or if it's a worthwhile endeavor. Historically, political advocacy in the hospitality industry predominantly aligned with branded hotels or franchisees, requiring substantial investments of time and money to influence policy agendas. Despite this, the influence of advocacy extends beyond these groups and resonates throughout the entire hospitality industry.

The interconnected nature of policies and regulations means changes in one sector can widely affect every aspect of the industry. Independent hoteliers' participation in advocacy groups can amplify their collective voice, fostering a more inclusive and diverse representation of the industry's concerns. While the immediate impact might appear limited, cumulative efforts can shape a

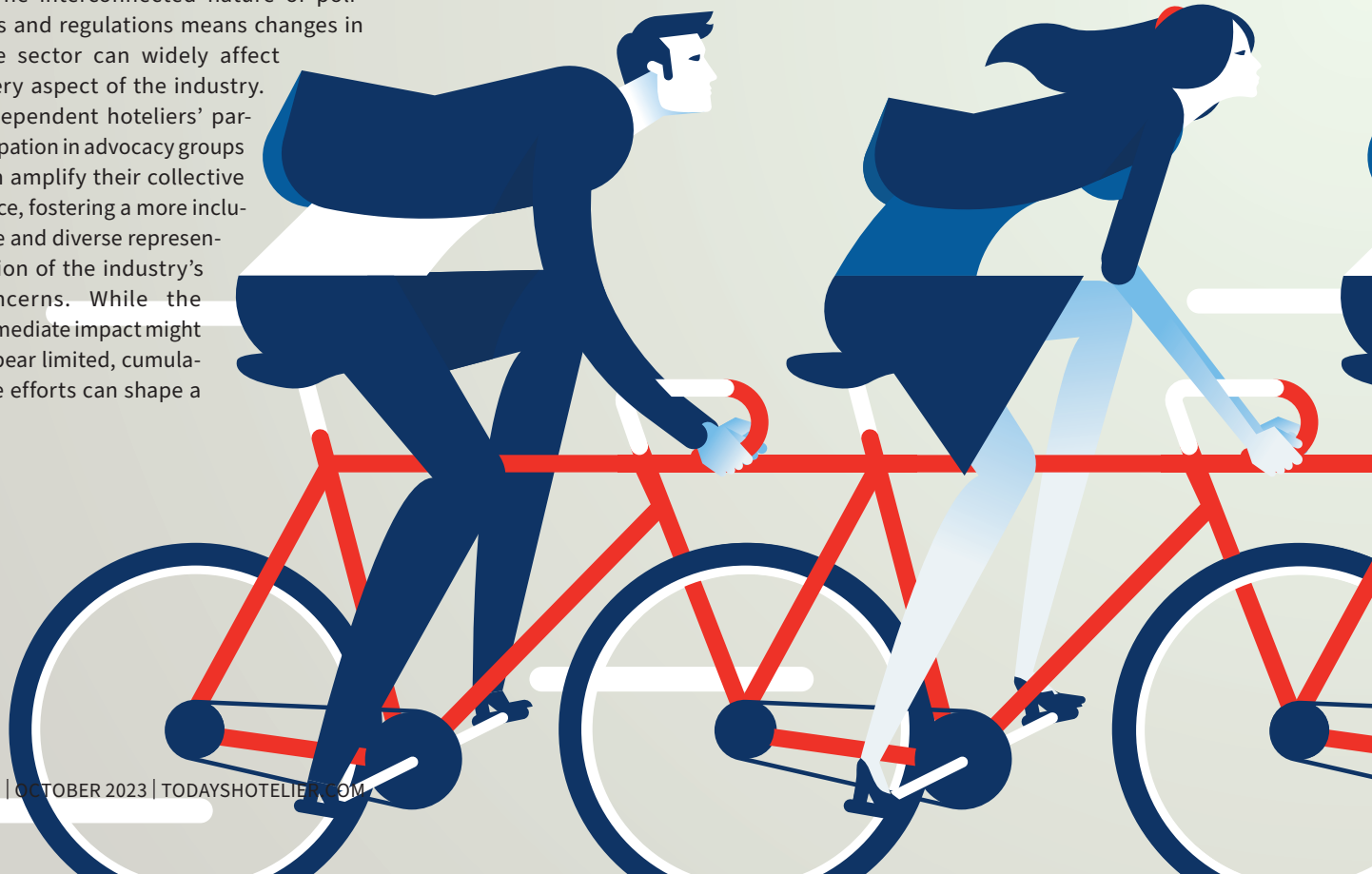
more favorable business environment, level the competitive playing field, and advance shared goals.

### GAME-CHANGER

The recent pandemic unleashed a tumultuous wave of challenges upon hoteliers nationwide. Among these difficulties, rising expenses, workforce shortages, elevated interest rates, reduced property insurance options, and escalating minimum wages stand out. These concerns resonate not only within the realm of branded hotels but also deeply affect independent hoteliers.

Recognizing the imperative to safeguard one's livelihood, advocating is an essential course of action.

Advocacy addresses imbalances between independent properties and larger hotel chains, the latter of which often have more resources and influence. But, independent hoteliers need to understand that standing united, starting at local political level, and voicing concerns collectively gives a stronger voice in shaping policies and regulations that directly affect the businesses. It's vital to understand change starts at the grassroots



level. It's crucial to stay active in the local community and engage with local district representatives to make – and keep – them aware of the issues. Independent hoteliers may lack the resources and support networks that larger hotel chains enjoy, but there's always a way to connect locally, one independent hotelier at a time.

**UNITE AND FIGHT**

As recounted in numerous places throughout this issue of *Today's Hotelier*, AAHOA has undertaken a significant endeavor to foster greater advocacy engagement in recent years, establishing a platform that unites not just branded hoteliers, but also independent ones into a cohesive community. Recognizing the pivotal role played by independent hoteliers in the U.S. market, AAHOA has championed this collective effort.

A noteworthy illustration of their impact lies in certain California cities grappling with the proposition of raising the minimum wage for hospitality workers to \$25 per hour. While this might have a relatively smaller impact on larger brand hotels, it could have profoundly affected small independent and limited-service hotels. Through the efforts of AAHOA Members,

who rallied together at numerous city council meetings and hearings, the proposed ordinance was not enacted, but rather held for further industry evaluation, considering the voiced concerns. This stands as a testament to how independent hoteliers can wield influence by participating in advocacy. Collectively, they can shape decisions concerning taxation, zoning, labor laws, and other regulatory aspects that directly influence their businesses.

**BROADENING HORIZONS**

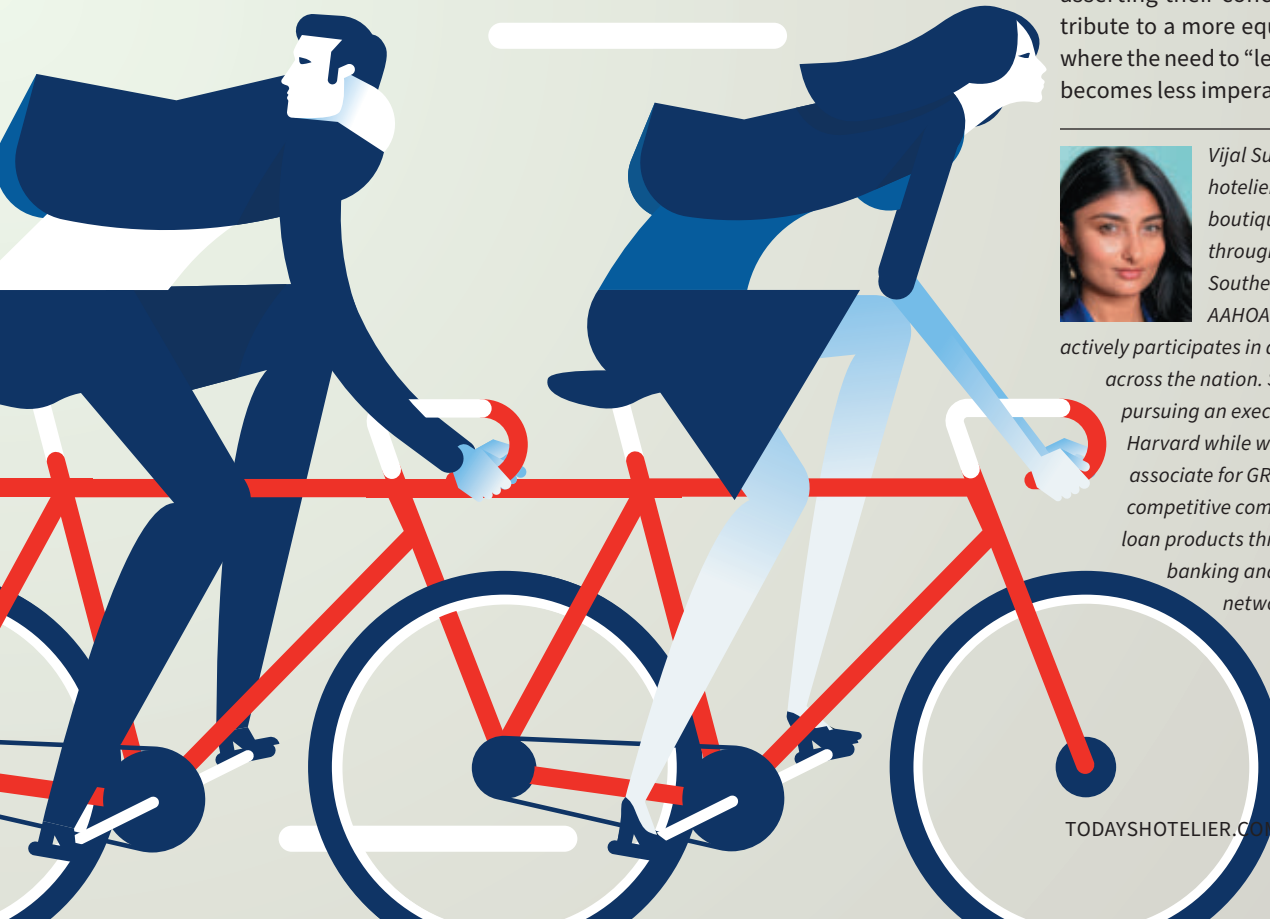
AAHOA's initiatives extend to Small Business Administration loan policies, a critical program for independent hoteliers to secure financing for purchasing hospitality assets. Particularly amid recent inflation and property valuation fluctuations, accessing financing has become an increasingly challenging facet of hotel acquisition. These efforts aren't merely impactful for branded hotels, but they hold particular significance for independent hoteliers, underscoring AAHOA's commitment to representing and advocating for the diverse interests of the hospitality industry.

It's plausible to consider that a significant portion of the U.S. hospitality market is indeed occupied by independent hoteliers. This assumption grows in possibility as more owners seek complete autonomy over their hotels and its management, moving away from franchise's strict control. Owners increasingly want to prioritize maintaining the individuality and control of their hotels which often mirror the culture and ethos of their surroundings, offering guests an authentic and personalized experience that sets them apart from standardized chain hotels.

Participating in platforms like AAHOA for political advocacy is crucial for independent hoteliers. Such efforts impact the entire industry, shaping policies that influence taxes, labor laws, and regulations. While immediate effects might seem small, collective advocacy yields lasting results and benefiting all hotels. Independent hoteliers can assert their unique perspectives and address issues that directly impact their businesses. They stand to reap not only the benefits of their voices being acknowledged but also play a pivotal role in cultivating a cohesive community within the hospitality industry. By asserting their concerns, they can contribute to a more equitable environment where the need to "level" the playing field becomes less imperative. ■



*Vijal Suthar is an independent hotelier specializing in boutique hospitality assets throughout Central and Southern California. An AAHOA Ambassador, she actively participates in advocacy for hoteliers across the nation. She is currently pursuing an executive MBA from Harvard while working as a West Coast associate for GRP Capital, offering competitive commercial real estate loan products through a chain of banking and non-banking networks.*



## Slaying the supply-chain dragon

by MIKE GRAY

# Rise to the challenge

**B**USINESS IS BACK, AND PEOPLE ARE traveling again. According to the WTTC, the U.S. travel and tourism sector is forecast to exceed the 2019 peak this year. That's great news. But, for franchisees hoping to open new hotels in 2023 or planning a technology refresh, their doors may remain closed due to lingering supply chain issues. Even when a hotel is shiny and new or its rooms and public areas had a sizeable facelift, there won't be occupants without Wi-Fi and a strong network infrastructure.

For anyone who spends time working with the brands, management companies, or operators, it's common to hear the same stories again and again. Franchisees are struggling because the supply chain is broken. As soon as developers break ground, operators begin ordering all FF&E, capital goods, and infrastructure components, rather than staggering them across the construction plan. This can be a big drain on the bottom line with no guarantee of speeding the delivery process.

To overcome supply chain issues, some franchisors have been willing to risk equipment delays – though detrimental to guest satisfaction and revenues – or have accepted partial orders to get a few floors connected. But, neither piecemeal nor non-existent Wi-Fi will cut it. If guests don't have consistent, lightning-fast connectivity wherever they roam, they'll leave and never come back.

### THE INVENTORY MYTH

One of the biggest myths today is that network inventory isn't readily available. FALSE. Operators can order and receive the necessary networking equipment, including wireless access points, LAN switches, WLAN controllers, and bandwidth-management gateways, immediately from a single source provider – along with all the peripheral technologies that create connected guest and employee experiences, such as in-room entertainment (e.g., TV casting), cloud telephony/VOIP solutions, safety/panic buttons, mobile guest apps, in-room voice assistants, and more. The right provider will simplify the purchasing process, reduce supply chain complexities, streamline operations, and solidify the buyer/seller relationship.

Here are five benefits of working with a single source for upgrading or planning for new properties:



#### ALWAYS-AVAILABLE INVENTORY

One of the most important things a technology partner can provide today is available inventory. Hoteliers need assurances equipment is readily accessible to cover any contingencies or emergencies that may arise, such as a sudden surge in occupancy or an existing conference group bringing event technologies that need to connect with the hotel's network. With individual and group business rapidly returning, a 52-week lead time to wait for networking equipment is simply not acceptable. In addition, hoteliers may be able to negotiate better pricing for available inventory based on the volume of solutions purchased for their hotel or enterprise.



#### SERVICE ACCOUNTABILITY

When dealing with multiple vendors, there often is a lack of accountability. It can be challenging to determine who's responsible for managing issues as they arise. When working with a single source, the buck stops there. One person is accountable for ensuring proper communication, product delivery, and resolving issues promptly. This reduces the time and effort spent troubleshooting issues and ensures equipment arrives on time and is always up and running.



#### PRODUCT QUALITY AND CONSISTENCY

When inventory comes from one company, it's easy to know exactly what will be delivered, how it works, and that it will connect with other on-premises peripheral solutions. Product consistency is crucial, especially when replacement equipment is needed, giving customers peace of mind that the same devices arriving now be the same devices arriving in the future. This cuts down on labor costs as on-site maintenance and IT teams never need retraining when deploying additional inventory. A single-source provider may also offer integrated solutions that work together seamlessly, reducing the need for manual data entry and other labor-intensive tasks.



#### IMPROVED COMMUNICATION

Human error exists, especially when multiple sources are involved. Working with a single provider reduces the risk of miscommunication between vendors, the hotel, MSP, etc. It's a much simpler process to track equipment and follow procedures when working with one technology provider.



#### COMPREHENSIVE TECHNICAL SUPPORT

Hotels typically require ongoing support and maintenance of their technology stack, especially when it comes to behind-the-scenes networking equipment. Having a provider responsible for providing technical support ensures issues are resolved promptly, as teams are trained collectively on the same solutions.

When looking for a technology partner, it's important to come prepared and know the right questions to ask to help make smart buying decisions. Here are a few examples:

- *What solutions do you offer, and how will those solutions help my hotel overcome specific business challenges?*
- *Do you have established and open APIs for easy connectivity to other in-demand solutions on the market?*
- *What is your support model?*
- *How do you ensure data security and guest privacy?*
- *What is your pricing model?*

Don't let supply chain challenges stop a property opening or push back a planned upgrade. Partner with a technology provider with available inventory that can simplify their procurement process, reduce supply chain complexities, and streamline their operations. ■



*Mike Gray is the global vice president of strategic partnerships, with Nomadix, an AAHOA Allied Member company, where he focuses on building deeper relationships and specialized programs for hospitality brands, management companies, and ownership groups around the globe.*

**L**AUNDRY MANAGEMENT IS one of the most important services you find in a hotel. Ensuring bed linen and towels are clean, crisp, qualitative, and available are key to guest satisfaction and critical to a hotel's good reputation.

Global hospitality figures from STR show that hotel occupancy rates in 2022 were above 65%, and average revenue per room is increasing as the industry recovers from the pandemic. However, if hotels run low on freshly laundered linen and are unable to make up the rooms, they cannot accept new guests. As rooms represent 65% of a hotel's revenue, efficient laundry management is vital to profitability.

As the industry becomes more and more competitive, here are five significant challenges hotels face when managing linen flows and ensuring they have enough inventories:

- ➔ 1. Inaccuracy in linen assortment planning and allocation
- ➔ 2. Increase in linen purchases and associated linen-management costs
- ➔ 3. Decrease in housekeeping service quality
- ➔ 4. Loss of room sales
- ➔ 5. Decline in customer satisfaction

On average, hotels lose approximately 20-30% of linen – at a cost of upwards \$50,000 – a year, due to general wear and tear, thefts (attractive linen is always tempting for staff and guests to take as a memento), and poor control systems when sending/receiving linen to/from laundry plants.

#### MAKE IT COUNT

Linen management is a time-consuming and labor-intensive task requiring repeated manual counting, often leading to errors. Housekeeping must follow regular inventories of linen, which means physically counting the stock of linen in

# Time for a change

Revolutionizing laundry operations for profitability and superior guest satisfaction

by FABRICE MORINI

the operation cycle and in all locations – linen rooms, laundry, floor pantries, room-attendant carts, guestrooms. This entire procedure must be completed in a day and as often as possible, as linen is continuously in use.

Implementing an efficient laundry-management system can address these challenges and yield several benefits. Bearing in mind that from farm to factory to store, a cotton T-shirt requires 3,000 liters of water and very high energy to grow, produce, and transport (according to figures from YarnsandFibers News Bureau), by minimizing linen waste, extending the life of linen, and purchasing the right number of linen items, hotels can reduce their environmental impact.

Embracing RFID technology and cloud-based software solutions has led to a significant digital transformation in laundry and linen inventory management.

An advanced linen tracking system offers game-changing solutions, enabling

hotels to achieve cost savings, streamlined inventory management, enhanced guest satisfaction, increased productivity, and a more sustainable operation.

#### DETAIL ORIENTED

As a broad overview, each linen item is embedded with a small and discreet RFID tag. The tag looks like a care label but contains a unique identifier that gets scanned at each step of the laundry cycle to generate a wealth of valuable data for the housekeeper and the commercial laundry. This is an elegant and invisible solution that simplifies the linen management process and doesn't disrupt the experience of the customer.



“

As rooms represent 65% of a hotel's revenue, efficient laundry management is vital to profitability.”



Furthermore, it greatly improves work efficiency. RFID technology offers a tremendous time-saving advantage, enabling fast and contactless reading, making linen counting and inventory management more efficient and accurate. Rather than an employee having to hand-count linen items one by one, several hundred linen tags can be scanned in a few seconds, in laundry carts, or directly on the shelves.

The tracking capability of this tiny device offers textile services professionals the ability to not only track the linen as it moves through the laundry cycle – ensuring it gets returned to linen shelves in a

timely manner – but also track the number of washes to evaluate the linen quality. Analysis of tag data allows hotels to know when a linen asset falls below quality standards (i.e, the beyond-50-wash-cycle mark), allowing for an automated selective inventory re-stocking.

The tag data managed by cloud-based software enables linen professionals to know the exact location, condition, and availability of their textile inventory at all times, whether onsite or not.

This technology represents a game-changing solution for the hospitality industry's linen-management woes. By mitigating inaccuracies in planning, reducing linen purchases and associated costs,

improving housekeeping services, preventing lost room sales, and enhancing customer satisfaction, RFID empowers businesses to achieve unprecedented operational efficiency and profitability. ■



*Fabrice Morini is a seasoned vice president at HID, leading the charge for the HID's Textile Services business unit worldwide. With a remarkable career spanning over two*

*decades, he is a driving force in technical sales and direct and channel-related business development. Fabrice's expertise lies in RFID systems integration and inventory management applications, with a strong focus on the hospitality sector's laundry business processes. As a visionary in the industry, he continues to transform businesses with cutting-edge solutions, revolutionizing the way we approach efficiency and innovation.*

# Building a

# Better Brand



Leveraging positive reviews for effective marketing campaigns

by STEPHANIE LEGER



**I**N THE FAST-PACED WORLD OF MODERN BUSINESS, guest reviews hold immense power. Positive reviews can be a company's greatest asset, shaping the perceptions of potential guests and influencing their purchasing decisions. However, to leverage the full potential of positive reviews, hotels must adopt a strategic and authentic approach that avoids coming across as a sales pitch. In this article, we'll cover 10 ways for hotels to effectively utilize positive reviews in their marketing efforts to build trust, enhance brand reputation, and drive sales.

## 1 SHOWCASE AUTHENTICITY

Positive reviews serve as a testament to the quality of a product or service. By showcasing authentic reviews, hotels can establish trust with potential guests. Rather than through overly polished marketing materials, reviews allow the genuine voices of satisfied guests to speak for themselves. Incorporate real guest testimonials and stories into marketing campaigns to humanize the brand and demonstrate the tangible benefits guests can expect.

## 2 IDENTIFY KEY MESSAGES

Before integrating positive reviews into marketing materials, it's essential to identify the key messages that resonate with the target audience. Understanding the needs and preferences of potential guests will help hotels select the most relevant reviews that highlight their unique selling propositions. Whether it's outstanding guest service, unique experiences, or innovative amenities, aligning reviews with core messages reinforces the brand's strengths.

3

**DIVERSIFY CONTENT PLATFORMS**

To reach a broader audience, hotels should distribute different positive reviews across various content platforms. Beyond the company website, utilize social media, email newsletters, and third-party review sites. Integrating positive reviews into diverse channels exposes the brand to potential guests at different stages of the buying journey, increasing the likelihood of conversion. Also, using a variety of different reviews across various platforms is a smart approach for avoiding the cookie-cutter image and creating a more dynamic and authentic presence.

**VIDEO TESTIMONIALS**

Video testimonials add an extra layer of authenticity and engagement. They allow satisfied guests to share their experiences in a more personal and captivating manner. Video content has become increasingly popular across digital platforms, making it a powerful tool for increasing brand visibility and credibility. Ensure the videos are well-produced but still retain a natural and unscripted feel to preserve their authenticity.

5

**LEVERAGE INFLUENCERS**

Collaborating with influencers who genuinely enjoy the brand or service amenities can be a game-changer. These influencers can share their positive experiences with their audience, providing an organic and relatable way to introduce the brand to new potential guests. Partner with influencers whose values align with the brand to ensure credibility and authenticity.

**HIGHLIGHT PROBLEM-SOLVING REVIEWS**

While glowing reviews are valuable, those that highlight problem-solving capabilities can be equally powerful. Demonstrating how the property addresses and resolves issues raised by guests shows a commitment to guest satisfaction. It also provides an opportunity to showcase excellent guest service, which can be a significant selling point for potential guests.

7

**CREATE ENGAGING CONTENT**

To maximize the impact of positive reviews, create engaging content around them. For instance, consider crafting storytelling campaigns that weave guests' experiences with the brand's mission and values. Engaging content not only captures the audience's attention but also encourages them to share it with others, amplifying the brand's reach.

8

**RESPOND TO REVIEWS**

Engagement with guests shouldn't be limited to positive reviews alone. Responding to reviews, both positive and negative, demonstrates that the hotel values guest feedback and is actively listening. Acknowledge and appreciate positive feedback while addressing concerns raised in negative reviews professionally and empathetically.

**RUN SOCIAL MEDIA CAMPAIGNS**

Social media is an ideal platform for sharing positive reviews organically. Create branded graphics featuring snippets of reviews and share them across social media channels. Encourage guests to share their experiences using a branded hashtag, turning satisfied guests into brand advocates.

10

**MONITOR AND ANALYZE RESULTS**

Finally, measure the impact of incorporating positive reviews into marketing efforts. Monitor key metrics such as website traffic, conversion rates, and social media engagement to assess the success of the campaigns. Use this data to refine strategies and make future marketing efforts even more effective.

Positive reviews can be leveraged for marketing efforts, but it must be approached with authenticity and a focus on the guest. By showcasing genuine testimonials, identifying key messages, and diversifying content platforms, hotels can build trust, enhance their brand reputation, and ultimately drive sales. By implementing these strategies, hotels can harness the power of guest advocacy and let satisfied guests become their most persuasive marketing asset. ■



*Stephanie Leger is chief excellence officer of First Rate Hospitality, a hospitality training consultancy. Stephanie has trained more than 20,000 hospitality employees in hotel and restaurant operations worldwide, providing countless reviews of operational evaluations. She has nearly 20 years of experience in the hotel industry globally, working with brands such as Ritz-Carlton, Mandarin Oriental, Forbes Travel Guide Inspector, AAA, and others. Stephanie is also the co-host of the popular WTF "Walk The Floors" hospitality training podcast. For more information, please visit [firstratehospitality.com](http://firstratehospitality.com).*

# A Winning formula

Effectively assessing and strengthening your in-house maintenance team

by DAN CLAPPER

This article is a companion to an article published in the May 2023 issue, which discusses the need for the adequate training of hotel maintenance engineers.

**E**FFICIENT, RELIABLE MAINTENANCE ENGINEERS are a critical element of success in the hospitality industry. Guest experience and productivity depend on a team of trained engineers who can dependably keep equipment in working order, make repairs as necessary, and quickly respond to urgent situations.

Recruiting, training, and retaining talented engineers, however, is a chronic challenge across the skilled trades industries, including hospitality maintenance. An ongoing shortage of experienced engineers, an aging skilled-trades workforce, and a historically tight labor market are some of the main factors contributing to today's hospitality maintenance workforce crisis.

#### PROPER PREP

Effective training for maintenance engineers has been identified as a key strategy for meeting this continuing challenge. As in other industries that depend heavily on skilled labor, hospitality organizations increasingly recognize the value of thorough training.

With in-house maintenance training, organizations can quickly prepare new engineers for the job and elevate service by continually upskilling experienced engineers. Ultimately, effective training can help companies streamline operations, enhance performance and productivity, ensure continuity, and ultimately boost guest satisfaction – and profitability.

Real-world, measurable benefits of effective training include:

- 1 Increased efficiency and performance:** Well-trained engineers can accomplish their tasks faster and more accurately.
- 2 Improved bottom line:** Effective training can allow you to contain capital costs and reduce outsourcing expenses. Employees will be able to diagnose issues correctly the first time and will be better able to make repairs instead of opting for replacing equipment.
- 3 Improved guest satisfaction:** With cross-trained and continuously upskilled engineers, your team can respond to service calls faster, decrease callbacks, and keep guests happy.
- 4 Higher employee morale and engagement:** Creating career pathways improves employee engagement and reduces turnover.
- 5 A competitive edge:** Younger generations are increasingly interested in career laddering and formalized in-house training programs that enable growth.

Implementing in-house maintenance training that delivers those results has traditionally been its own challenge. But, new innovative, immersive digital training platforms offer an easier path to effective training than ever before, with flexible features such as learning management, customized learning paths, and cross-training opportunities.

### FILL THE GAPS

One of the most important features hospitality managers and leaders should look for in a digital training solution is the ability to accurately assess and measure their teams' technical skills and progress. Effective skills assessments provide organizations with clear, objective insights that benefit engineers, guests, and the bottom line.

Too often, gaps in knowledge, skills, or training only become apparent on the job. Learning the shortcomings of your training program this way will likely result in guest dissatisfaction, inefficiency, and reduced productivity.

When managers can measure the knowledge and technical skills of new engineers before they start, or assess the strengths and weaknesses of existing engineers, they can create and implement the right training path for those employees.

Engineers underperforming on a particular kind of service call can refresh their knowledge and reinforce fundamental skills with focused training, for example. Or, supervisors can intentionally craft and design professional development pathways, creating opportunities not only to upskill employees but to help them advance their careers within the company. Professional advancement is highly valued among young workers, and development pathways can play a pivotal role in effective recruiting by establishing a company as an employer of choice.

Because different employees bring different skill sets to the table, the most efficient training allows managers to customize pathways for each learner. With curated learning paths, technicians learn the right skills, in the right order, and managers can identify skill gaps on their team and address them before they result in a callback.

The unique flexibility, accessibility, and transparency of digital training are transforming how employers in the hospitality industry recruit, ramp, and retain skilled talent. ■



*Dan Clapper is commercial HVAC and facilities maintenance market director for Interplay Learning, the leading provider of online and VR training for the essential skilled trades. He has more than 25 years of experience in HVAC service and installation, wholesale sales and distribution, and manufacturer training.*

# On the hunt

Determining whether conventional financing is right for today's interest-rate environment

by RUSHI SHAH

**T**HESE DAYS, THERE'S A smorgasbord of financing options available to commercial real estate and hotel owners, developers, and sponsors. These include bridge and permanent debt via securitized loans and CMBS conduits, bank loans, credit unions and life insurance financing, SBA loans, and much more. Selecting the right financing largely depends on the type and risk profile of the asset being financed. The proliferation of options can be overwhelming and the nuances easily misunderstood. This confusion often leads to financing types being incorrectly categorized or defined. One example is the concept of conventional financing. Let's take a closer look.

## WHAT IS CONVENTIONAL FINANCING?

There's a misnomer among borrowers that conventional financing is the best type of financing, but most don't know what conventional financing is. They've heard horror stories about CMBS financing's tough servicing standards and inflexible

servicers. Consequently, they automatically assume they should choose the opposite of CMBS financing – or what they perceive is conventional financing.

Why else do borrowers think they want non-CMBS – or what they call “conventional” – financing? Two words: interest rates. There's overarching, wishful thinking among owners that current high interest rates are not sustainable, and there will be an opportunity to refinance sooner at lower levels. Knowing that many balance sheet lenders, such as banks, credit unions, and life insurance companies don't impose the same defeasance or yield management prepayment penalties that a CMBS loan includes, borrowers conclude that anything outside CMBS is considered conventional financing and what they need.

Conventional financing, however, isn't a stand-alone product. Essentially, any loan type not administered by the Small Business Administration (SBA) or through another government program is considered conventional financing. Loans from a bank, credit union, or life insurance company, as well as CMBS loans, are all conventional financing. In fact, even within the SBA 504 product, the bank

portion of the loan is considered conventional financing.

Misclassifying financing types can have serious consequences, because borrowers may overlook viable, strategic options that are a better fit for their asset and business plan. Borrowers assume they should limit their scope to what they think is conventional financing – typically a bank, credit union, or life-insurance loan. This issue doesn't occur quite as often with more sophisticated borrowers with financing and accounting infrastructure who understand the benefits of non-recourse CMBS financing.



**To get a better picture, it's important to look more closely at the pre-payment penalties and other trade-offs for four of the more-common types of financing.**

# 1

## **LIFE INSURANCE FINANCING**

Life insurance companies typically offer a pre-defined, step-down pre-payment structure. For example, for a five-year life insurance company loan on a hotel, the pre-payment penalty could be 5% in year one, 4% in year two, and so forth. Unfortunately, most life insurance companies don't provide cash out above the current loan for their borrowers. Furthermore, leverage is limited to 55% loan-to-value for hotels, 65% for multifamily, and 60% for other commercial real estate. These lower leverage life insurance company loans can be called conventional loans.

# 2

## **CREDIT UNIONS**

Credit unions can be a strategic capital source because they frequently have little or no pre-payment penalties. However, this is because most credit unions only offer full recourse loans. Leverage is another trade off with this type of conventional financing, as credit unions tend to top out at 55% to 60% loan-to-value for hotels.

# 3

## **CREDIT UNION SYNDICATION ORGANIZATION (CUSO)**

Essentially, CUSOs are brokers trying to syndicate a loan with different credit unions. Although CUSOs can offer attractive terms, they also come with one- to two-point upfront fees and additional risk of execution. After taking the application, the CUSO still must go out to their member credit unions to get them to participate. If the CUSO fails to find willing participants, the borrower will lose both time and money. Many borrowers are willing to pay the points as tax for this type of conventional financing if it means more flexible pre-payment terms.

# 4

## **BANK LOANS**

In an environment where interest rates are elevated and bank lenders are turning more conservative, some capital providers such as CUSOs or a bank syndication lender become more attractive. Conventional loans provided by banks often come with the burden of a fixed-rate swap. An interest-rate swap is a hedging instrument that banks use to fix the interest rate to the borrower on a floating-rate loan. The swap instrument can be a win-win for the lender and the borrower. The lender gets to originate a floating-rate loan on its balance sheet, which allows it to have a constant spread over an index, and the borrower enjoys the protection of a fixed-rate loan. The good news is the bank and borrower are insulated from interest rate risk. The bad news is the swap instrument comes with a potential borrower pre-payment penalty. This penalty could be in the form of yield management or a swap breakage fee. It's not surprising that smaller regional banks are pushing for loans with interest rate swaps to minimize risk.

## **HOW TO NAVIGATE TODAY'S MARKET**

The current rate environment is creating challenges for all financing providers. Today's borrowers are ultra-sensitive about committing to longer term loans with high pre-payment penalties. This is turning out to be a hard exercise for borrowers and mortgage bankers who are looking for loans that are conventional in nature with lower pre-payment burdens. Higher interest rates are pushing the entire capital markets to adjust and adapt to fit the needs of commercial real estate and hotel owners. This is the time to call on a seasoned intermediary that has established networks and track record to secure the best financing for your asset, wallet, and business plan. ■



*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.*

# Start spreading the news

Learn more about some of your AAHOA Ambassadors

This is a continuation of a series first published in the August 2023 issue. To get to know more about some other AAHOA Ambassadors, be sure to read that article.

by EVELYN HOOVER

**T**HIS MONTH, WE DELVE AGAIN INTO THE EXPERIENCES, challenges, and aspirations of AAHOA Ambassadors who are committed to serving the association and industry as a whole. Roshan Patel, South Carolina Regional Ambassador; G.J. Zala, Greater Los Angeles Area Regional Ambassador; Rashmi Devnani, South Pacific Regional Ambassador; and Harshad (Harry) Patel, South Central Texas Regional Ambassador, share their journeys, insights, and aspirations as they navigate the unique challenges and opportunities within their respective regions. From advocating on Capitol Hill to addressing local issues, their perspectives provide valuable insights into the vital work carried out by AAHOA Ambassadors.

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## G.J. Zala, Greater Los Angeles Area Regional Ambassador

### WHAT ASPECT OF AAHOA'S WORK GETS YOU MOST EXCITED?

Advocacy is No. 1 for me. I enjoy advocating on behalf of the industry to the members of Congress, local elected officials, and state leaders. This past summer, I got to represent AAHOA's 20,000 hotelier members as a guest in D.C. for Indian Prime Minister Narendra Modi's historic state visit.

### WHEN DID YOU OWN YOUR FIRST HOTEL? CAN YOU SHARE THE STORY?

I started my first hotel in July 1998. It was a 100-room full-service Best Western. At the time, I didn't have any hotel experience, but I had confidence. I put in a lot of hours and learned a lot about running a hotel business.

### WHAT'S THE SINGLE BIGGEST CHALLENGE HOTELIERS FACE IN YOUR REGION?

The unhoused situation in the Los Angeles area is a huge problem for the community and hotel businesses. People experiencing homelessness sometimes come to the hotel lobby, make a mess, and don't want to leave, so I call the police but they don't arrive right away.

### WHERE WERE YOU BORN? WHERE DID YOU GROW UP?

I grew up in India and arrived in the U.S. when I was 24 years old. I always wanted to be in business and saw hospitality as the best business to get into, not just for the income, but to help hotel guests have a great stay.



## Roshan Patel, South Carolina Regional Ambassador

### HOW DID YOU DECIDE TO BECOME AN AAHOA AMBASSADOR, AND HOW LONG HAVE YOU SERVED AS AN AMBASSADOR?

I became an Ambassador for the South Carolina Region after AAHOACON21 in Dallas, TX.

### WHAT WAS YOUR FIRST EVENT WITH AAHOA? WHAT DO YOU REMEMBER?

My first event was a Town Hall meeting in San Antonio, Texas. That was almost 10 years ago. I also remember Pratik Patel was AAHOA Chairman during that time, and he's from San Antonio.

### WHAT'S THE SINGLE BIGGEST CHALLENGE HOTELIERS FACE IN YOUR REGION?

In South Carolina, hoteliers are trying to navigate property taxes and property insurance. Larger insurance companies recently changed a lot of rules and regulations. Small hoteliers have to decide to make higher payments and stay or find other options.

### YOUR ROLE AS AN AAHOA AMBASSADOR DEMANDS A LOT OF TIME, TALENT, AND RESOURCES. WHY DO YOU INVEST SO MUCH IN AAHOA AND SERVING THE MEMBERS IN YOUR REGION?

AAHOA offers a big platform for our industry, but so many people don't really know about that. As an Ambassador, I'm passionate about helping other hoteliers in my region know how they can use AAHOA's resources, events, and education to improve their business.



## Rashmi Devnani, South Pacific Regional Ambassador

**YOUR ROLE AS AN AAHOA AMBASSADOR DEMANDS A LOT OF TIME, TALENT, AND RESOURCES. WHY DO YOU INVEST SO MUCH IN AAHOA AND SERVING THE MEMBERS IN YOUR REGION?**

As an Ambassador, it's an honor to work with fellow hoteliers and other members and fight for a common cause. It's also



important to bridge the gap between the industry and elected officials. I hope more and more hotel owners continue to thrive in the region.

### **WHAT'S THE SINGLE BIGGEST CHALLENGE HOTELIERS FACE IN YOUR REGION?**

Lawsuits are a challenge for many hoteliers in the South Pacific region. Another one is the cost of running a hotel business – the cost increases every year. But, hey, if you want to be the rainbow, you have to put up with the rain, right?

### **WHAT ADVICE WOULD YOU GIVE THE NEXT GENERATION ABOUT GETTING INVOLVED IN HOSPITALITY AND AAHOA?**

I encourage the next generation to join AAHOA and be a part of this amazing industry. The younger generation has so much to teach the older generation; together, we can create a more rewarding and beneficial hotel industry for everyone.

### **WHEN DID YOU OWN YOUR FIRST HOTEL? CAN YOU SHARE THE STORY?**

I became a part of the hotel industry in 2005, where I started as a manager and, after a few years, continued to grow in the business. It was exciting. We faced challenges but also made sure to have fun along the way. This industry is truly rewarding and a great platform to learn and grow tremendously.

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## Harshad (Harry) Patel, South Central Texas Regional Ambassador



### HOW DID YOU DECIDE TO BECOME AN AAHOA AMBASSADOR, AND HOW LONG HAVE YOU SERVED AS AN AMBASSADOR?

I've been a part of AAHOA for the past 15 years. I moved to Austin about seven years ago, and several people approached me at the time and encouraged me to become an Ambassador. I became an Ambassador five years ago. It's rewarding to serve members and do my part to take AAHOA to the next level.

### WHAT WAS YOUR FIRST EVENT WITH AAHOA? WHAT DO YOU REMEMBER?

I remember attending a Town Hall meeting. It was helpful to people in attendance, and there were several Regional Directors and Officers also in attendance who showed their support at the local and national levels. That's one of the reasons I wanted to get involved.

### WHAT ASPECT OF AAHOA'S WORK GETS YOU MOST EXCITED?

All the work and initiatives that AAHOA is focused on gets me excited – education, community, and national and local advocacy. Every year, I learn something new. Every year, I get new industry updates by attending AAHOACON, Town Hall meetings, and regional events.

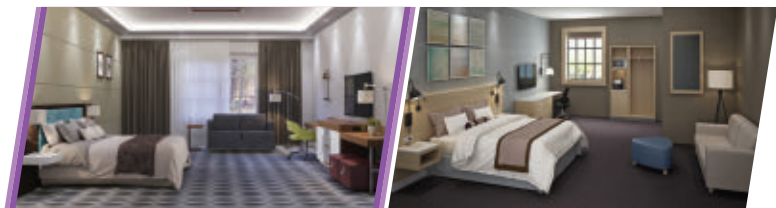
### WHAT DO YOU THINK AAHOA COULD BE DOING MORE OF TO SERVE THE MEMBERS IN YOUR REGION?

I appreciate the work AAHOA has been doing regarding the 12 Points of Fair Franchising. I know this is a hard topic; everybody knows that, but the franchisors continue to add fees that have never been disclosed when you sign the contract. There needs to be more fairness in franchising. ■

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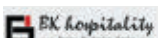
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# AAHOA MEMBERS IN ACTION



The Arkansas Regional Conference & Trade Show brought together 220+ hoteliers to the heart of Little Rock, AR.



Lieutenant Governor Leslie Rutledge attended the Arkansas Regional Conference & Trade Show and encouraged AAHOA Members to continually build relationships with elected officials.



Rachel Stone, AAHOA Director of State Government Affairs for the Western Region, celebrated the announcement of Oregon Deputy Secretary of State Cheryl Myers attending the Northwest Regional Conference by ringing the AAHOA Achievement Bell. This is a huge win for AAHOA Oregon Members as the association works to build great working relationships with elected officials.



North Texas Regional Director Dhiren Masters hosted a Town Hall meeting, where the region gained new AAHOA Lifetime Members and raised thousands in Political Action Committee funds.



U.S. Representative Dr. Richard McCormick (GA-6) had a hands-on experience with some of the daily tasks that hotel owners navigate during a Back-of-the-House Tour at a member-owned hotel in Duluth, Georgia.



[L-R] Manoj Patel, AAOHA Member; Chris Hardman, Georgia Hotel & Lodging Association Director of Governmental Affairs & Membership; Daniel New, AAOHA Director of State Government Affairs Eastern Division; Meena Patel, AAOHA Member; Laura Lee Blake, AAOHA President & CEO; and Kiran (Ken) Shah, Georgia Ambassador, represented hoteliers at a committee meeting in Augusta, GA.



AAHOA leaders proudly welcomed new members Moses Hall (first from left) and Ebrahim Valliani (fifth from left) to the Upper Midwest Regional Conference & Trade Show.



AAHOA Chairman Bharat Patel (fourth from left) and Mid Atlantic Regional Director Mahendra (MZ) Patel (sixth from left) welcomed AAOHA Members to a Town Hall meeting in Fords, NJ.



[L-R] Mahesh Parekh, Former AAOHA Board Member; Carol Wayman, Senior Policy Adviser for Sen. Cortez Masto; Hector Lizaola, Regional Representative for Sen. Cortez Masto; and Smeet Gandhi, local owner of Tal Palace Indian Cuisine, gathered at Foliot Furniture to explore the connections between government policy and hospitality innovation.



AAHOA leaders and members teed off at the Northwest Region Charity Golf Tournament, where the response was incredible. Every player and vendor slot was quickly filled, and AAOHA Members raised close to \$100,000 for local charities.

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For more information, be sure to visit [AAHOA.com/HerOwnership](https://AAHOA.com/HerOwnership).

**Facts** *continued from page 13*

## FACT #3:

**COSTLY LITIGATION WILL NOT ARISE UNLESS A FRANCHISOR FAILS OR REFUSES TO COMPLY WITH THE NEW LAW.**

Big Lodging further asserts the NJ franchise bill will trigger costly litigation. But, the only reason litigation might arise will be if a franchisor fails or refuses to comply with the newly passed law. (See, NJ bill section 2(f), (g).)

## FACT #4:

**NJ BILL WILL NOT UNDERMINE VENDOR RELATIONSHIPS. INSTEAD, IT WILL REQUIRE ALL VENDOR FEES AND KICKBACKS TO BE FULLY DISCLOSED.**

Big Lodging alleges that the NJ franchise bill will undermine crucial vendor partnerships.

The important truth is that this bill will require franchisors to disclose the tens of millions of dollars of fees (aka, kickbacks) paid annually by vendors to franchisors based on franchisees' purchases. (See, NJ bill section 2 (a).) But importantly, franchisors will not be restricted from negotiating beneficial agreements with partners and vendors.

AAHOA Members know full well that unexpected costs can take the form of undisclosed kickbacks and fees when they have to pay more for prices from mandated or qualified vendors. These fees are not inconsequential.

By way of example, in the 2022 published Franchise Disclosure Document (FDD) of Choice Hotels International, Inc. (Choice Hotels), it was disclosed in Item 8 that "Revenues attributable to franchisee purchases were \$86.9 million, or about 8.14% of our total revenues in 2021, which includes revenues from Qualified Vendors and choiceADVANTAGE, installation and support fees."

Significantly, Choice Hotels revealed it receives nearly \$90 million in fees paid by Qualified Vendors attributable to franchisee purchases and for related IT installation and support fees – but there was no disclosure

## Amended New Jersey Legislation

To view the most recent version of Assembly Bill 1958, please scan the QR code below.



concerning each of the Qualified Vendors who paid these fees or the amounts paid by each one.

Regrettably, these disclosures by Choice Hotels are not unusual. Other hotel franchisors also have stated in Item 8 that they receive tens of millions in funds from vendors from whom their franchisees purchase products and services. But without full disclosure, these untoward practices will continue.

### MAKING FRANCHISING FAIR

AAHOA is doing everything in our power to bring this important legislation over the finish line in New Jersey, where our members own 45.4% of hotels. We believe that this NJ franchise bill will help set a nationwide standard for franchising that is balanced and fair.

As we fight for passage of this important bill in the New Jersey state Senate, we encourage all our AAHOA Members to join us in sharing the true facts of how this bill will strengthen hotel franchising for the long term and for the benefit of our future generations. ■

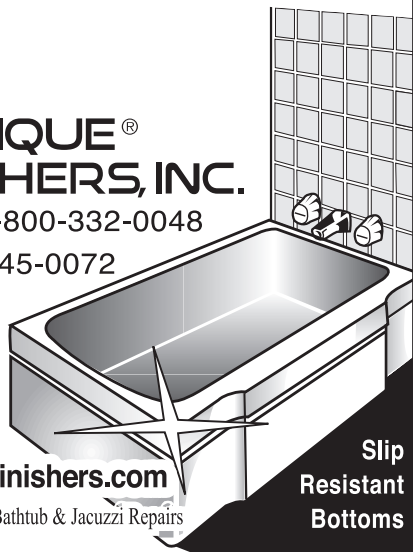
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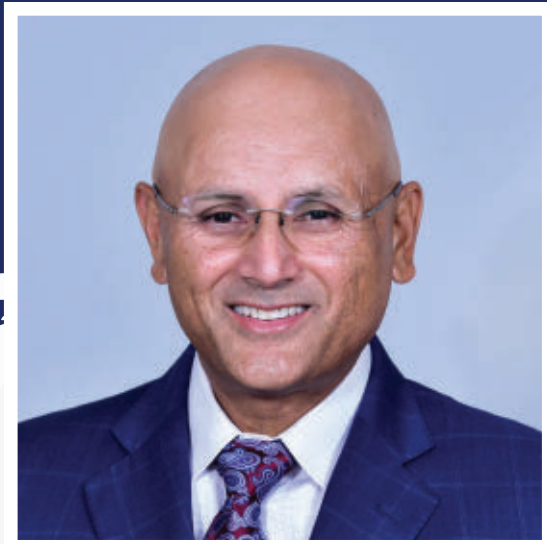
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