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The publication of AAHOA

**AAHOA Hosts Top U.S. Presidential Contender**

# Vivek Ramaswamy

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# 5 Things to Know About AAHOA This Month

## 1 2023 AAHOA HEROWNERSHIP CONFERENCE & RETREAT COMES TO DALLAS

It's happening again! Hundreds of women hoteliers are gearing up to gather at The Beeman Hotel in Dallas, TX, on November 2-3, for the 2023 AAHOA HerOwnership Conference & Retreat. Women Hoteliers will experience two days of education, empowerment, networking, and wellness. Dallas's annual influx of more than 22 million visitors and a thriving hospitality industry is the perfect backdrop for this event. Get all the updates:

[AAHOA.com/Conference](https://AAHOA.com/Conference)



## 2 'TIS THE SEASON TO GIVE BACK

It's that special time of year to invest in the next generation of hoteliers. Consider donating to the Kennesaw State University Michael Leven and Lee Dushoff AAHOA Scholarship for Compassionate Leadership. This scholarship provides financial assistance to exceptional students in the hospitality program. The hospitality and tourism industry is one of Georgia's "big-five" industries, with an economic impact exceeding \$66 billion. Let's keep the industry strong in the Peach State and across the U.S. by empowering future hoteliers with the education they need to succeed. Your donation is fully tax-deductible: [bit.ly/KSU-AAHOA](https://bit.ly/KSU-AAHOA)



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## 3 HAPPY THANKSGIVING TO THE INCREDIBLE AAHOA COMMUNITY

Thanksgiving is around the corner, and AAHOA would like to thank its valued community of nearly 20,000 members. Within this remarkable group are generations of families, independent and brand-name hotels, women hoteliers, dedicated young professionals, and a network of exceptional industry partners. The membership truly embodies the spirit of community, and for that, AAHOA is immensely grateful.



## 4 AAHOACON MARKS ITS NEW DESTINATION IN ORLANDO

The highly anticipated event of the industry is scheduled for April 2-5, 2024, at the Orange County Convention Center in Orlando, FL. The Central Florida region welcomes millions of visitors every year, and AAHOA can't wait to be a part of that statistic. Get ready for an unforgettable experience like no other! Registration opens soon: [AAHOACON.com](https://AAHOACON.com)



## 5 MAXIMIZE YOUR HIRING POTENTIAL WITH AN EXCLUSIVE MEMBER BENEFIT

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AAHOA CHAIRMAN (2023-2024)

Be sure  
to check  
out my full  
conversation  
with U.S.  
Presidential  
contender  
Vivek  
Ramaswamy  
here



# Failing to plan = planning to fail

**S**UCCESSION PLANNING IS A CRITICAL COMPONENT OF ANY INDUSTRY'S LONGEVITY and vitality. It's the blueprint for ensuring the expertise, values, and experiences of today's leaders are passed on to the leaders of tomorrow. This concept holds even greater significance in hospitality. As someone who has witnessed firsthand the intricacies of the hotel business from a young age, I understand the importance of nurturing the next generation of hoteliers.

My parents moved to the U.S. in the 1980s and opened their first hotel in Corbin, KY, and later relocated to Daytona Beach, FL, creating an ownership situation that would need an eventual resolution once my parents decided to step away from daily operations.

I've worn many hats in the hotel business – from renting and cleaning rooms to delving into the intricacies of hotel management. These experiences have afforded me a unique perspective and the ability to relate to hoteliers at all levels of the business. However, success in the hotel industry demands more than just experience. It requires guidance, encouragement, and a network of like-minded professionals with a passion for hospitality. That's why I encourage hoteliers considering this path to develop a succession plan that ensures the continued success of everything they've built and facilitates a smooth transition as they reduce their operational role.

I encourage family-owned hotels to focus on five factors to secure a smooth transition to the next generation:

- 1. Establish a Well-Defined Succession Plan:** This plan should outline who will take over leadership roles in the hotel, the timeline for the transition, and the criteria or qualifications for family members to assume these positions. Having a clear roadmap ensures everyone is on the same page and reduces uncertainty during the transition.
- 2. Effective Communication Within the Family:** Open and honest discussions about roles, responsibilities, and expectations help prevent conflicts and misunderstandings. Regular family meetings to address concerns, share updates, and make joint decisions can foster a sense of unity and collaboration.
- 3. Professional Development:** Ensure the next generation receives the necessary education, training, and experience to excel in their roles. This step may involve encouraging family members to pursue relevant degrees or certifications, gaining experience in various hotel departments, and participating in industry-related training programs. Building their skills and expertise will boost their confidence and competence in leadership positions.
- 4. External Expertise:** Seek guidance from external advisors or consultants with experience in family business transitions and the hospitality industry. These experts can provide objective insights, mediate disputes, and offer strategic advice. They also can help with financial and legal aspects, such as estate planning and tax implications.
- 5. Gradual Transition:** Rather than an abrupt change, consider a phased approach to the transition. This gradual shift of responsibilities allows the next generation to learn and grow into their roles while benefiting from the mentorship and guidance of the current generation. It can also help mitigate the risk of disruption to the hotel's operations.

Additionally, it's essential to address any potential challenges or conflicts early on and proactively work toward solutions. The path to a successful and sustainable hotel industry lies in our ability to nurture tomorrow's leaders today. Let's continue to build a legacy of excellence in the hospitality business by ensuring we've positioned our businesses for long-term success, well after we've passed control to the next generation. ■



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

**AAHOA is excited to feature a one-on-one conversation between Chairman Bharat Patel and top U.S. Presidential contender Vivek Ramaswamy. Turn to page 12 for more.**

## Protect your investment

“All good men and women must take responsibility to create legacies that will take the next generation to a level we could only imagine.” - Jim Rohn

**A**S I TRAVEL TO REGIONAL CONFERENCES AND TOWN HALLS, I AM INSPIRED BY THE remarkable presence of second- and third-generation hoteliers actively embracing and contributing to this vibrant industry. Their enthusiastic participation is a powerful testament to the enduring legacy of family businesses and relentless commitment to the industry.

For countless AAHOA Members, hospitality is more than just business. It is about crafting unforgettable experiences, building lasting relationships, and fostering the spirit of entrepreneurship. It's about preserving legacies and passing down a rich tradition of hospitality from one generation to the next.

However, as we celebrate these successes, we must recognize the critical aspects of hotel succession and estate planning. These are issues that affect every hotel owner, regardless of their experience or generational background.

Hotel succession planning is about ensuring the seamless transition of ownership and management, safeguarding the legacy you have built, and preserving the financial stability of your family. Unfortunately, many hoteliers often underestimate the complexity of this process or delay planning for it. One commonly overlooked aspect of succession planning is the legal ramifications involved.

Legal aspects are paramount in succession planning because they provide the necessary framework to ensure a smooth transition of ownership and management within a family-owned hotel business. Conflicts, disputes, and uncertainties can arise without a well-structured legal foundation, potentially jeopardizing the business's future and the family's harmony.

### THE TOP-FIVE LEGAL TIPS THAT EVERY HOTEL OWNER SHOULD BE AWARE OF:

- 1. Seek Professional Guidance:** Hotel succession planning involves complex legal and financial considerations. It's advisable to engage the services of experienced attorneys and financial advisors specializing in estate planning and the hospitality industry. Their expertise can ensure your plan is legally sound and tailored to your unique circumstances.
- 2. Regularly Update Your Plan:** The hotel industry is dynamic, and your business circumstances can change in time, so it's essential to review and update your succession plan periodically to account for any alterations in your financial situation, family dynamics, or legal regulations. This proactive approach helps ensure your plan remains relevant and effective.
- 3. Consider the Impact of State Laws:** Hotel succession planning can be influenced by state-specific laws and regulations. Different jurisdictions may have varying tax, probate, and property distribution rules. Therefore, it's imperative to work closely with legal professionals who are well-versed in the legal landscape of your particular state to optimize your plan's effectiveness.
- 4. Balance Family and Business Interests:** Striking a balance between these two needs can be challenging, but it is crucial for long-term success. Clearly defining roles, responsibilities, and expectations for family members involved in the business can help prevent conflicts and ensure a smoother transition. A clear governance structure can also facilitate effective decision-making within the family-owned hotel.
- 5. Communication and Education:** Open and transparent communication among family members about the succession plan is paramount. Educate all stakeholders about the plan, its objectives, and the roles they will play. Encourage discussions to address any concerns or questions, and consider involving a family business consultant to facilitate these conversations, ensuring everyone is on the same page and committed to the plan's success.

These are some of the legal considerations essential to safeguarding the legacy of a family-owned hotel business and preserving financial stability. By addressing these legal intricacies, succession planning can proceed with clarity, transparency, and legal protection, allowing hotel owners to pass their businesses seamlessly to the next generation. ■



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# Addressing industry issues

AAHOA hosts top U.S. Presidential contender Vivek Ramaswamy for a wide-ranging interview

by EVELYN HOOVER

**L**AST MONTH, RISING U.S. Presidential candidate Vivek Ramaswamy spoke to AAHOA Board Chairman Bharat Patel about key industry issues during the first AAHOA 2024 Presidential Candidate Forum. The exclusive interview was a first-ever opportunity for AAHOA to speak on behalf of the industry with a leading Presidential candidate.

Like many of AAHOA's Members, Ramaswamy is a first-generation American who understands the complexities of the American Dream.

Ramaswamy discussed how his parents, who emigrated from India, had made sacrifices and worked hard to fulfill the full American dream, similar to what **AAHOA Chairman Bharat Patel** and so many AAHOA Members have done over the years. Ramaswamy talked personally about raising his sons in Ohio and his hope to provide for them the same way his parents provided for him. But he expressed concerns:

"We're taught, as the kids of immigrants... to put your head down and do your part," Ramaswamy said. "Politics is dirty business; that's for somebody else, but you work hard and do your part. Now,

fast forward 40 years after [my parents] came [to America], I've gone on to live the full American Dream. But I am worried that that American Dream, the idea that you get ahead through your own hard work, commitment, dedication, and meritocracy — that you get ahead not on the color of your skin but on the content of your character and your contributions — isn't going to exist for our kids unless we all do something about it. We might think that politics and government, that's somebody else's problem. Well, you might not be interested in politics, but politics is interested in you."

On behalf of AAHOA's 20,000 members and the industry at large, AAHOA Chairman Bharat Patel asked focused questions about the current pressing challenges faced by small business and hotel owners, including inflation, labor, and supply chain issues. When asked about his priorities in the hospitality and tourism sector if elected, Ramaswamy replied, "restore the rule of law in this country that makes tourism more attractive, even in cities across this country. Fight inflation and grow the economy so people have more money to spend on traveling, and on being able to enjoy the vacation time to travel. That helps

AAHOA Chairman Bharat Patel, left, and U.S. Presidential contender Vivek Ramaswamy.



Americans, and that helps hotel owners across this country with something we've been lacking for a long time."

The virtual forum gave AAHOA Members and other viewers an opportunity to hear directly from Ramaswamy regarding his policy priorities, his vision for the future of America, and the impact of Asian Americans in the hospitality industry.

"It was an honor to be able to sit down with Ramaswamy to represent AAHOA Members, who contribute 1.7% to the U.S. GDP, provide more than 1 million jobs, and serve as an engine for economic growth in communities across the U.S.," said AAHOA Chairman Bharat Patel. "It's exciting to see a presidential candidate recognize the immense impact AAHOA Members have as everyday constituents, but also as enterprising entrepreneurs and small business owners who power this great country's hospitality industry."



"I am delighted we had the opportunity to sit down with Ramaswamy and hear his vision for the future," said AAHOA President & CEO Laura Lee Blake. "As the youngest candidate, and a rising contender in the U.S. Presidential race, his commitment to our industry and presence at the AAHOA Forum is truly commendable and signifies a genuine interest in building strong relations with our members over the long term." ■

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# Playing with **fire**

Addressing the slow burn challenge of hotel operations succession planning

by ADAM and LARRY MOGELONSKY

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**F**OR THE DECADE AHEAD, HOTEL COMPANIES FACE A generational challenge – namely, a lack of strong succession planning to protect a property or brand’s legacy. But, because this problem isn’t as clearly defined as the before and after of ‘The Great Resignation,’ senior teams may not prioritize a slow burn issue like the gradual depletion of bright young minds from the industry as these candidates opt for other career paths due to a variety of intermingled factors.

This is precisely why succession planning should be addressed now, whereupon cultural and operational changes will then have a progressively positive effect on a hotel’s ability to retain talent even as the industry confronts a series of abrupt demographic changes.

“One thing we all know well is that the industry must be agile and able to pivot quickly at all times,” commented Janis Clapoff, the managing



director of El Encanto, a Belmond Hotel in Santa Barbara, California. “Succession planning prepares us for a quick response and gives us that resilience during challenging times. At Belmond, we’ve identified the importance of mentoring in our organization to preserve brand integrity and reputation. Mentoring also shows high-performing employees that the company is interested in their growth and development.”

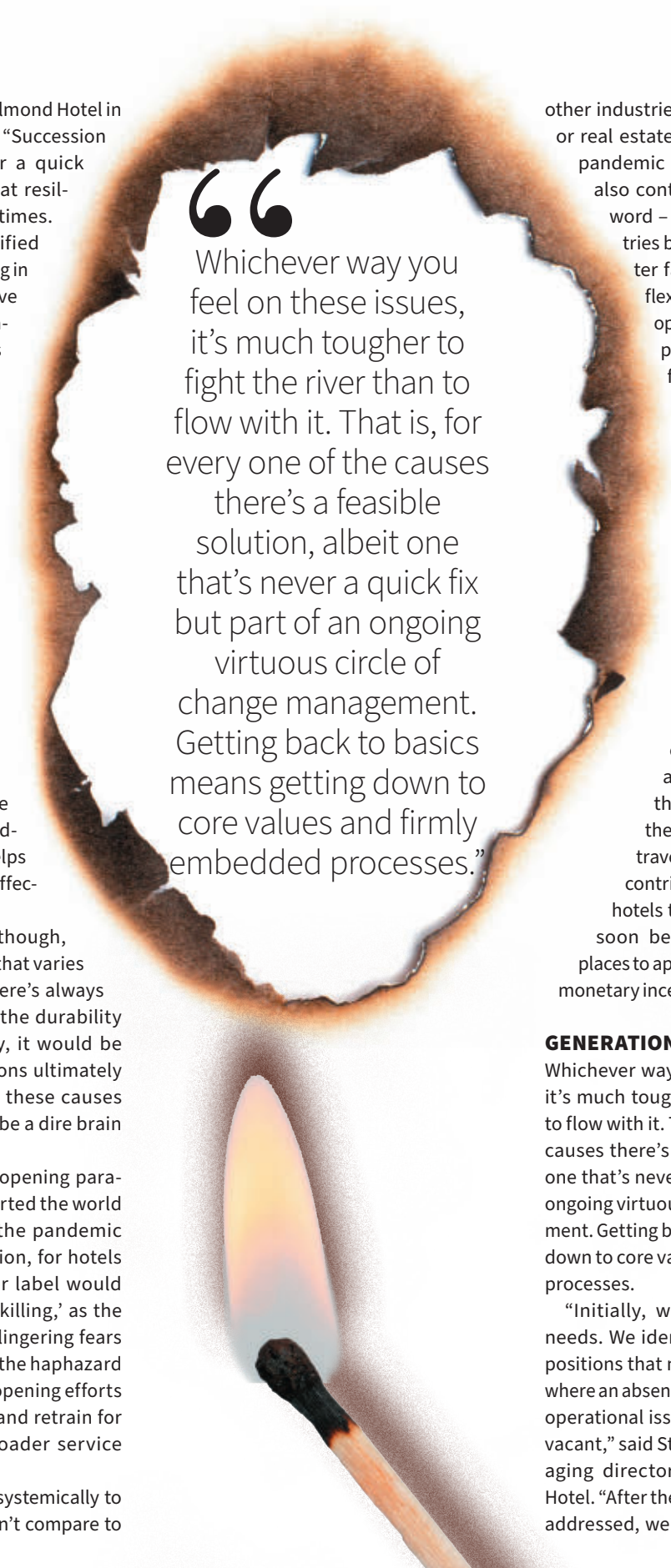
### **SUCCESSIONAL CAUSES**

For context, it’s important to first understand why large swaths of the hospitality industry may continue to suffer from ongoing labor shortages, both for frontline staffers as well as for managers possessing strong enough skills and tenacity to one day become executive leaders. Knowing the causes helps define the framework for effective actions.

As an opening caveat, though, this is a complex situation that varies by location and (gasp!) there’s always room for error regarding the durability of these factors. Actually, it would be fantastic if these predictions ultimately prove false because if all these causes compound, the result will be a dire brain drain over the long run.

Starting back from the opening paragraph, while the media alerted the world during the latter half of the pandemic about this Great Resignation, for hotels in many markets a better label would have been ‘The Great Reskilling,’ as the furloughs combined with lingering fears over COVID-19 spread and the haphazard stop-start nature of the reopening efforts compelled many to pivot and retrain for other jobs within the broader service sector.

Concurrently and more systemically to hospitality, salaries just can’t compare to



“  
Whichever way you feel on these issues, it’s much tougher to fight the river than to flow with it. That is, for every one of the causes there’s a feasible solution, albeit one that’s never a quick fix but part of an ongoing virtuous circle of change management. Getting back to basics means getting down to core values and firmly embedded processes.”

other industries like finance, technology, or real estate. Now, well into the post-pandemic era, every company must also contend with the dreaded ‘H’ word – hybrid. While other industries by their very nature can better facilitate remote work and flexible hours, so much of hotel operations is hands-on and in-person that this is impossible for us to do on a consistent basis.

Next, when you consider the mindsets of generations Y and Z, surveys reveal that, on average, these younger cohorts feel strongly about corporate values related to ESG (environmental, social, and governance) and DEI (diversity, equity, and inclusion), and are willing to sacrifice higher compensation to work for a company that aligns with their beliefs. Particularly as the climate crisis deepens and travel is singled out as a primary contributor of carbon emissions, hotels that aren’t sustainable may soon be deemed as undesirable places to apply for a job, with any robust monetary incentive met only with apathy.

### **GENERATIONAL SOLUTIONS**

Whichever way you feel on these issues, it’s much tougher to fight the river than to flow with it. That is, for every one of the causes there’s a feasible solution, albeit one that’s never a quick fix but part of an ongoing virtuous circle of change management. Getting back to basics means getting down to core values and firmly embedded processes.

“Initially, we consider the business needs. We identify those handful of key positions that need a robust plan in place where an absence would present significant operational issues if the position became vacant,” said Stephen Johnston, the managing director for The Boston Harbor Hotel. “After the business needs have been addressed, we consider the needs of the

individuals. It's never a precise science. Some managers are happy with where they are; not everyone aspires to be a general manager. Others are highly ambitious and feel the need for continuous upward movement. If these signs – a willingness to take on more responsibility – are ignored and individuals don't receive opportunities to grow, they'll lose faith in the business and seek opportunity elsewhere."

In contrast to Johnston's systematized approach, it's common to hear complaints about the perceived entitlement of younger hires who deem themselves worthy of being a GM within six months of onboarding. While this may be a result of growing up in an era of pervasive social media and instant gratification, it's critical to lay out the lines of personal progress and expectations more transparently for performance. From there, continuing professional development with gamified elements combined with the personal touch of direct mentorship will more than offset any communication or work style differences between novice and veteran.

"Succession planning starts with knowing your team and their aspirations," said Vikram Sood, managing director of The Inn at Rancho Santa Fe, north of San Diego, CA. "Some activities to encourage this effort include a formal mentor-mentee program with monthly check-ins to allow leaders to really understand the team members who have an aspiration to grow, the use of a bench strength worksheet that tracks all the information surrounding a team member's growth aspirations, and providing honest feedback throughout the year. Never just use the formal review system."

### TECHNOLOGICAL SUCCESSION

The cultural side is a process, but so much of hospitality nowadays involves an interconnected web of management systems that it would be remiss to exclude a minor note on technology's role in succession planning. Namely, there are two critical progressions at play that will help hotels improve their talent retention efforts.

First, migration to the cloud means there is less loss of records when a manager leaves or during a turnaround

situation because the information is restored remotely instead of offline within hard drives and Excel files. This means new personnel or recruited teams can have immediate access to accurate metrics or forecasts and are never demoralized by having to sort through inconsistencies or devote significant time to data re-entry.

Second and simultaneous to the implementation of cloud-based platforms, various disparate vendors are amalgamating their graphical user interfaces or developing strong data feeds into other systems. The result is younger hires who are accustomed to sleek, intuitive systems such the apps with which they're already familiar on their phones don't feel bogged down by having to cross-check a dozen screens every workday – an effect now described as "dashboard fatigue." Instead, they can have all the insights they need to plan their next move all in one place.

Ultimately, the slow burn challenge of planning for the next generation of hoteliers may be rooted in organizational culture, but investments in technology cannot be ignored as a contributing factor. Every hotel is different, so the exact needs are also different. Nevertheless, having an outlook of constantly supporting young hires and actively listening to their needs is what ensures that your property or brand's legacy is protected for years to come. ■



*Together, Adam and Larry Mogelonsky are the world's most published hospitality writing team, with more than a decade's worth of material online. As the partners of Hotel Mogel Consulting Ltd., Larry focuses on the hotel operations and marketing, while Adam specializes in technology and wellness. Their experience encompasses properties around North America and Europe, with a focus on independent properties of all sizes. Their work includes seven books, the latest focused on increasing profits from wine sales in an environment of tight labor markets. You can reach them at [adam@hotelmogel.com](mailto:adam@hotelmogel.com) to discuss your business challenges or to book speaking engagements.*

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## How succession planning can go wrong

by TOM GRESHAM

**T**HE WALT DISNEY COMPANY is one of the largest, most successful companies in the world. And yet, when Bob Iger announced he was stepping down as the company's CEO in February of 2020, Disney struggled with one of the most common, confounding challenges every business faces – succession planning. Iger's successor, Bob Chapek, was an internal candidate who served as Disney's parks chairman. Chapek was Iger's personal choice to replace him, and Iger remained as executive chairman of Disney's board. In his new post, Chapek reported to Iger and the board. The result was rocky, and by November 2022, the board had fired Chapek and restored Iger to the CEO position.

Succession planning is a critical component of any company's strategic planning. It plays an essential part in the long-term stability of an organization and has an impact on a company far beyond the C-suite. Christine Greybe, president, leadership consulting for DHR Global, said well-managed succession planning not only ensures leadership continuity when an executive transitions out of a role but also helps an organization develop a talent pipeline to fill critical roles while providing career development opportunities for high-performing employees who can serve to increase retention.

"Succession planning is a proactive and planned approach to people management, which aids in ensuring leadership continuity, employee development, risk mitigation, and maintaining a competitive advantage," Greybe said. "It also reduces uncertainty/ambiguity about the future direction of an organization."

When succession planning is ignored or done poorly, it can lead not only to short-term struggles but also to profound, enduring consequences.

"Succession planning is so important because if things don't go well, people's jobs are lost, families are impacted, communities are hurt," said Elizabeth Ledoux, founder of The Transition Strategists. "It can just have this big ripple effect that affects everything."

### MISTAKES WERE MADE

Despite its importance, poor succession planning afflicts companies of all kinds,



Succession planning often receives insufficient attention for a variety of reasons, such a focus on immediate objectives, resource limitations, and concerns about disruption or resistance from current leadership."

and the examples of high-profile missteps are numerous. For example, Greybe points to past succession-planning struggles at such major companies Blackberry, Segway, Lehman Brothers, and Hewlett Packard.

In the case of Hewlett Packard, Greybe said the company's board of directors fired its CEO in 2010 without a successor. Their handpicked replacement was the former CEO of SAP and proved to be a poor fit, lasting for just a year, she said. The result was stock prices dropped significantly; HP missed out on growth, innovation, and market share in the tech industry, losing

out to companies such as Apple, IBM, and Oracle; and key talent left the organization, according to Greybe.

In the ongoing case at Disney, Greybe said the company "promoted from within a candidate about whom there were serious reservations." Meanwhile, Chapek was replacing a longtime leader who didn't even leave Disney – and, in fact, continued to be Chapek's boss.

"Now, Disney is taking a hard look at external options in addition to reconsidering its incumbent leadership," Greybe said. "Iger will have to be ready to fully step aside for the right replacement rather than sitting on the sidelines again critiquing his successor."

### OVERLOOKED OR NEGLECTED

Greybe noted succession planning is understood to be one of the chief responsibilities of a board of directors.

"A failure to prepare for a shift at the CEO role is quite simply bad governance, as it leaves an organization unprepared to appoint someone qualified for the role in a timely manner," she said. "It also sacrifices an unparalleled opportunity to develop internal candidates further as a way to continue to maximize their value to the organization, retain critical talent, and ensure viable internal successors exist in case a change in [leadership] is necessary."

Ledoux said one primary reason succession planning isn't prioritized is leaders feel too preoccupied with their current concerns to contend properly with the future.

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“People are busy running things and to sit down and look at a road out can be hard,” Ledoux said.

Greybe said succession planning often receives insufficient attention for a variety of reasons, such as a focus on immediate objectives, resource limitations, and concerns about disruption or resistance from current leadership.

“Its neglect may also be influenced by complexity, a lack of definite accountability and complacency under strong leadership,” Greybe said. “To overcome this, organizations must acknowledge the short- and long-term advantages, develop leaders, and create a culture that supports talent development, resulting in less risk from leadership gaps and more seamless leadership transitions.”

Longtime influential leaders sometimes can prove reluctant to plan for a future that doesn’t include them. In some cases, they have no plans to leave behind the leadership of a company – especially if they’re also a founder of the company – instead preferring to work hard well past traditional retirement age.

“We’re also living longer, healthier lives,” Ledoux said. “So, what I’m seeing is the age of the person who’s transitioning is going up. And it’s particularly hard to let go when you’ve built something.”

Greybe said simple awkwardness can be a powerful obstacle to an honest discussion of succession planning, particularly if leaders don’t see an urgency to passing the baton.

“In many ways, planning for the future requires a clear-eyed discussion of what an organization is doing well and in what ways it needs to do better,” Greybe said. “These are delicate discussions to have when the incumbent CEO often is also the chairman of the board.”

#### MASTERING “THE GOOFY DANCE”

The succession process can resemble “a goofy dance,” Ledoux said, adding there’s a danger of a leader leaving too quickly, leaving the successor with an insufficient runway to properly find their footing in charge, but there’s also a risk of a leader lingering too long during the transition.

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In addition, organizations sometimes fail to consider the future needs and challenges of the business during the succession planning process and neglect to select talent who can lead through evolving conditions.”

“You have the person who’s leaving but still wants to kind of be around, and then the person coming in is trying to engage but doesn’t want to step on the other person’s toes,” Ledoux said. “And so, the successor’s waiting for the person transitioning to get out, and the person transitioning is waiting for the successor to engage. There’s this kind of neutral zone where it’s really messy and there are mistakes that get made in communication. When that happens, there’s a reduction of trust and a belief then gets built that it’s not going to work when, in fact, it is working, and you just have to keep going and get through this rocky road.”

Another common mistake is starting the process too late or relying only on an emergency succession plan, Greybe said. In addition, organizations sometimes fail to consider the future needs and challenges of the business during the succession planning process and neglect to select talent who can lead through evolving conditions, she said.

Ledoux said grooming someone to take a top leadership spot means giving them opportunities to lead.

“Even if you have somebody who’s coming up, and you believe they’re ready, unless they’re actually doing it, there probably are some missing pieces,” Ledoux said. “When the person who’s transitioning actually leaves, it’s usually pretty hard on that successor. So the business really suffers, and so do all the employees and the people around it.”

Greybe said among the more common mistakes in succession planning is failing to consider the possibility of outside candidates for a role.

“While it’s most often appropriate to promote from within given the higher success rate of internal candidates, it’s still critical to benchmark those candidates’ skills vs. options on the outside,” Greybe said. “The best talent isn’t always the most readily accessible, and an even playing field should be given to assess who is most qualified to lead the organization into its future challenges.” ■

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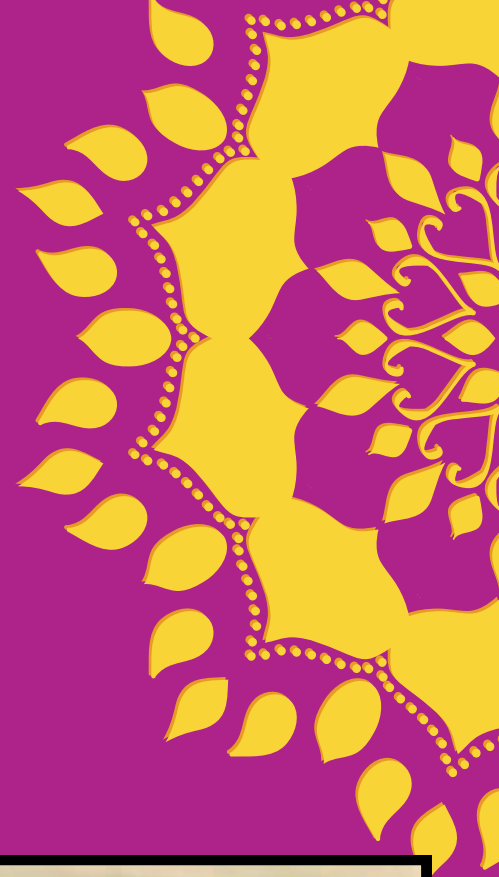
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# Public Servant

A conversation with  
U.S. Representative Russell Fry (R-SC)

by NEAL A. PATEL

**E**LECTED AS JUST THE SECOND REPRESENTATIVE of South Carolina's Seventh District in 2022 – itself established in 2013 – Congressman Russell Fry was sworn in as a member of the 118th Congress by then-House Speaker Kevin McCarthy (R-CA) and has worked to advance the priorities of his party, while also championing causes close to his heart, including fighting human trafficking, addressing immigration, and introducing legislation to improve the transparency around the awarding of federal grants. Here, we spoke with him about the issues near and dear to his heart as well as the key role hoteliers play in his district and the economy as a whole.

## WHAT ARE SOME OF YOUR LEGISLATIVE PRIORITIES FOR THIS SESSION?

When I ran for Congress, I vowed to always support policies that put America First. I'm proud to be part of a House Republican majority that has fought against out-of-control Washington spending, fought to secure our Southern border, and restored oversight of our federal government.

I serve on both the House Judiciary Committee and the House Oversight Committee, where we work to provide a check on our federal government to ensure it's working for the best interests of the American people.

I have introduced bipartisan legislation to measure how the fentanyl crisis is taking a toll on everything from the labor market to industry sectors to state and federal finances and more and to provide solutions to Congress on how we can best address this crisis.

I've introduced the bipartisan Grant Transparency Act, which provides for a more competitive and transparent federal grant application process.

I've also led bicameral legislation to bolster efforts to crack down on the online exploitation of America's youth by child predators.

When I was running to serve the Grand Strand and Pee Dee regions of South Carolina's Seventh District in Congress, I took pride in my support of House Republicans' Commitment to America, and I'm proud of the work we've done to deliver on those promises. I look forward to seeing what else we can accomplish to restore sanity to our federal government and provide solutions that work for the American people.

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

Americans across the country are paying higher prices for essentials – and many industries are facing a workforce shortage. We want to foster healthy competition in our local economies and provide business owners



U.S. Representative  
Russell Fry (R-SC)

with the tools they need to operate successfully. By increasing access to capital, incentivizing Americans to return to the workforce, and supporting the needs of small businesses, we can bolster the financial health and capabilities of Main Street and the hospitality industry.

**WHAT EXCITES YOU THE MOST ABOUT SERVING IN CONGRESS?**

I've always been dedicated to and passionate about serving my fellow South Carolinians in whatever way I can. As an Eagle Scout, I was always taught to leave your campsite better than you found it. Since being elected to public office, I've modified the motto a bit; we should always strive to leave our community, our state, and our country better than we found it.

It excites me to see when our office's work has a positive impact on the people of the Grand Strand or Pee Dee. Whether it's passing legislation, advocating for solutions, or helping a constituent with casework, it's always exciting to see our work, no matter how big or small, make a difference in people's lives.

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

Prior to this role, I practiced law along the Grand Strand for more than a decade. I also represented State House District 106 in South Carolina's General Assembly for seven years. I served as Chief Majority Whip and also chaired the House Opioid Abuse Prevention Study Committee.

**WHAT LED YOU TO RUN FOR CONGRESS?**

Growing up, I learned from an early age the American Dream is within reach. Coming from a family that lived paycheck to paycheck, I saw first-hand how the government's actions directly affected working-class Americans.

I understand the things that matter most are never guaranteed – they're earned. I'm committed to fighting for those who don't always have a voice. I'm committed to doing everything I can to make sure that the federal government provides solutions for Americans – not working against them. I always will fight for policies that work for the folks across South Carolina's Seventh District.

**WHAT DO YOU MOST ENJOY ABOUT STAYING IN HOTELS?**

In this new role, I find myself traveling across the country and staying in hotels more than I would have expected. I always appreciate the work of the hotel and their staff to make sure every guest's stay is as clean and comfortable as possible.

When you're constantly on the road and seemingly always traveling to different places, my favorite thing about a hotel room is a quality blackout curtain to make sure I can always get a good night's sleep!

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

Tourism and the hotel industry are the economic lifeblood of South Carolina's Seventh. Our white sandy beaches, premier golf courses, family attractions, and more are some of the many things that bring millions of visitors to my district each year. Hotels and hotel owners are the backbone of our tourism industry. Our tourism industry revolves around visitors being able to stay in hotels and South Carolina's Seventh District is lucky to have so many great options.

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

Hotel workers are crucial to support the influx of tourists my district experiences every year. Congress, along with state and local officials, are working together to support this vital workforce across South Carolina's Seventh District. We must focus on policies that incentivize people to get back to work and offer adequate wages to support them. Additionally, partnering with local colleges and universities has proved helpful in inspiring lifelong careers in the community and providing a pipeline for the hotel and tourism workforce. ■

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



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# The festival of lights

## Diwali's impact on the AAHOA community

by EVELYN HOOVER

**T**HE AAHOA BOARD OF DIRECTORS WARMLY EXTENDS THEIR DIWALI GREETINGS, OFFERING A GLIMPSE INTO THEIR personal connections with this cherished festival. Each board member brings a unique perspective to this celebration, highlighting its significance not only as a cultural event but also as a source of inspiration and reflection within the hospitality industry. Here, we present their heartfelt messages and invite you to join in the spirit of Diwali.

### **BHARAT PATEL, CHO, CHIA, CHAIRMAN**

“Let us pause and take the time to enjoy the warmth of our family, friends, and colleagues around this pleasurable time of year. Happy Diwali.

As we celebrate the festival of lights, let us hope that it brings along new opportunities for us to work together and reach new heights of success and glory. Let's write a new story of success, together. Warm wishes to you and your loved ones on Diwali. Shubh Deepavali and Saal Mubarak!!”

Bharat Patel with his family.



### **RAHUL PATEL, SECRETARY**

“In the midst of the diyas and fire-works, may your heart be filled with the light of hope and the spirit of renewal. Let this Diwali be a time to leave behind the darkness of the past and step into a future that is bright with new opportunities and success.”

Rahul Patel with his family.



### **SANJAY M. PATEL, ALABAMA REGIONAL DIRECTOR**

“During Diwali, the vibrant festivities and time-honored traditions reignite my commitment to excellence in the hospitality industry. It's a bold reminder of the power of hard work, resilience, and innovation, traits mirrored in my cultural heritage. As I immerse myself in the celebration, my determination is fueled, ready to tackle challenges head-on and elevate the standards of service and leadership in my field.”

Sanjay M. Patel with this family.



### **MIRAJ S. PATEL MBA, CHO, CHIA, VICE CHAIRMAN**

“Diwali, a celebration of my roots and my dreams, shines as a beacon of hospitality. As a second-generation hotelier, I take pride in welcoming guests from across the globe, sharing the joy of this festival and the spirit of warm hospitality that defines our culture.”

Miraj Patel with his family.



### **KAMALESH (KP) PATEL, TREASURER**

“Diwali is a celebration of light, love, and unity for my family and me. It's a time when we come together to illuminate our homes and hearts with the brightness of diyas, exchange sweets, and, most importantly, spend quality time with our loved ones. Diwali signifies hope, renewal, and the triumph of good over evil. It's a cherished tradition that connects us to our Indian heritage and reinforces the bonds of family and community.”

Kamalesh Patel with his family.





**DANNY (CHINTU) PATEL,  
ARKANSAS REGIONAL DIRECTOR**

“Diwali is a beautiful reminder of the importance of light and warmth in our lives.

Just as we illuminate our homes during this festival, our commitment to the hospitality industry is renewed each year as we strive to provide our guests with a welcoming and comforting experience.”

**ARTI PATEL, CENTRAL MIDWEST REGIONAL DIRECTOR**

“Diwali is a time to appreciate the beauty in diversity, much like the global tapestry of guests the hotel industry welcomes every year. My commitment to the hospitality industry is rejuvenated by the opportunity to share the richness of my culture with people from around the world.”

Arti Patel with family.



**NARESH (ND) BHAKTA,  
GREATER LOS ANGELES AREA REGIONAL DIRECTOR**

“As a hotel owner, Diwali reminds me of the significance of impeccable service and attention to detail. I take pride in upholding my cultural heritage by offering my guests a glimpse of Indian hospitality, ensuring they leave with cherished memories.”

ND Bhakta with his family.



**VIMAL PATEL,  
GULF REGIONAL DIRECTOR**

“As we celebrate the festival of lights, let us hope that it brings along new opportunities for us to work together and reach new heights of success and glory. Let’s write a new story of success, together. Warm wishes to you and your loved ones on Diwali. Shubh Deepavali.”

Vimal Patel with his family.



**MAHENDRA (MZ) PATEL, CHA, CHO, CHIA, MID ATLANTIC REGIONAL DIRECTOR**

“Celebrating Diwali reinforces our belief that every guest is a cherished part of our extended family. The hospitality industry allows us to extend the warmth and hospitality of this festival throughout the year, making each guest feel at home away from home.”

MZ Patel with his family.



**CHETAN (CHRIS) PATEL, FLORIDA REGIONAL DIRECTOR**

“By embracing the spirit of Diwali, the hospitality industry can renew its commitment to providing exceptional service and creating a warm and welcoming environment for guests from all cultural backgrounds. Similarly, celebrating Diwali can serve as a reminder of the rich cultural heritage that shapes our identities. It motivates me, and I hope others in the industry, to deeply value diversity, respect various customs and traditions, and cultivate a strong sense of inclusivity in every interaction with our guests.”

Chetan (Chris) Patel with his family.

**VIK ZAVER,  
GEORGIA REGIONAL DIRECTOR**

“My fondest memories celebrating Diwali is always celebrating with my wife and family. Diwali brings us all together, and we cannot be more grateful for our lives and the industry we are in that is such a vital part of the community.”



**HARIKRISHNA (HK) PATEL, MID SOUTH REGIONAL DIRECTOR**

“Diwali brings me closer to my cultural heritage and makes me proud of what I do. Its traditions and customs, like decorating homes with colorful rangoli patterns and lighting oil lamps, show the victory of light over darkness. These traditions inspire me to be creative in my work and find new ways to make guests’ experiences even better. It’s important for me to remember my cultural heritage during Diwali and share it with guests from all over the world. I want to preserve these traditions and let others experience the beauty of my culture.”

HK Patel with his family.



**PINKESH PATEL, NORTH CAROLINA REGIONAL DIRECTOR**

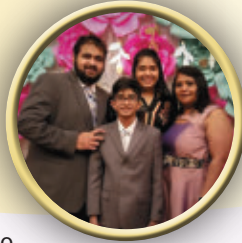
“May this Diwali fulfill all your dreams and bring happiness to your life forever. May every diya that lights the world brighten each heart with joy. May these diyas light your life with peace, prosperity, and happiness! All the lights of the world cannot be compared to a ray of your inner light.”

Pinkesh Patel with this family.

**BHAVESH N. PATEL, NORTH CENTRAL REGIONAL DIRECTOR**

“Diwali is special to my family and myself because of what Diwali symbolizes. Diwali symbolizes the spiritual victory of light over darkness. My family brings light into each other’s lives, and during this time, we get to celebrate the love and happiness of friends, family, and our culture and religion.”

Bhavesh N. Patel with his family.



**ANKIT PANCHAL, NORTH PACIFIC REGIONAL DIRECTOR**

“Celebrating Diwali in November as a hotel owner is special because it allows us to provide our guests with a vibrant and culturally immersive experience. It’s a time when our hotel becomes a beacon of celebration, creating lasting memories for our guests and strengthening our reputation as a place where cultural traditions are honored and celebrated.”

Ankit Panchal with his family.



**DHIREN MASTERS, NORTH TEXAS REGIONAL DIRECTOR**

“Diwali is the community coming together to celebrate the new year and to look forward to a prosperous year!”



**PREYAS PATEL, NORTHEAST REGIONAL DIRECTOR**

“I’m excited to welcome hotel guests from around the world to experience Diwali with us. It’s a symbol of hope and resilience. I’m eager to create memorable experiences that bring joy to all who stay with us during this festive season.”

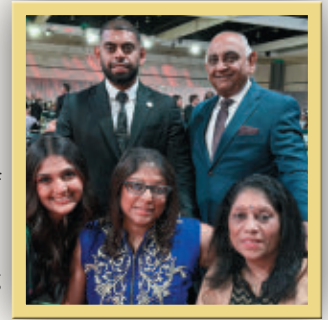
Preyas Patel with his family.



**TARAN PATEL, NORTHWEST REGIONAL DIRECTOR**

“The spirit of Diwali reminds me of the importance of family, community, and shared celebrations. I hope the activities surrounding Diwali encourage guests to come together, exchange stories, and create connections, fostering a sense of belonging that extends beyond the walls of our hotel. It’s a moment of warmth, hope, and positivity that I’m thrilled to share with guests and staff.”

Taran Pael with his family.



**FENIL DESAI, SOUTH CAROLINA REGIONAL DIRECTOR**



“To light up your dreams. To bring new hopes for a bright future and a colorful life. This Diwali, promise yourself to be there for your loved ones in time of need, be strong, humble, and kind. Help those who need help share your success, your love, and your happiness. Let’s choose one new habit, to fill our life with health, wealth, and peace. We want to wish you a happy Diwali and Mubarak. Thank you all from Fenil Desai and family.”

Fenil Desai with his family.

**MIKE RIVERSIDE, CHO, CHA, SOUTH PACIFIC REGIONAL DIRECTOR**

“Wishing you and your loved ones a Diwali filled with light, love, and laughter. May this festival bring you happiness and prosperity. Happy Diwali!”



**AILESH MULJI, SOUTHEAST TEXAS REGIONAL DIRECTOR**

“Diwali is a colorful festivity of lights. We celebrate this day for wealth and happiness. Friends and family come together to wish everyone a prosperous year.”



Ailesh Mulji with his wife, Aarti Mulji.



**KALPESH JOSHI,  
UPPER MIDWEST  
REGIONAL DIRECTOR**

“May the radiant lights of Diwali fade the clouds of darkness between Franchisors and Franchisees, and may they illuminate the hotel industry! Wishing everyone a Happy Diwali.”

Kalpesh Joshi with his family.



**TANMAY PATEL,  
MBA, YOUNG  
PROFESSIONAL  
DIRECTOR WESTERN  
DIVISION**

“As the year draws to a close, celebrating Diwali in November is special because it reflects the enduring human spirit. Travel is an essential part of our lives, and despite the challenges brought on by the pandemic three years ago, people are choosing to explore and experience new places once again. This Diwali, our hotel becomes a destination where travelers can create lasting memories and end the year with hope, happiness, and a renewed sense of adventure.”

Tanmay Patel with his family.

**DEEPAK PATEL, WASHINGTON DC  
AREA REGIONAL DIRECTOR**

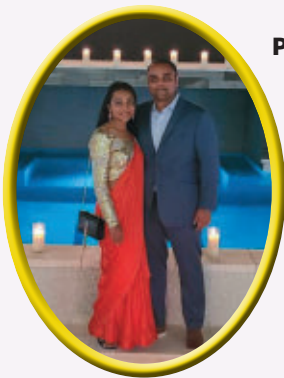
“May we enjoy this most precious festival with family and friends. Share love and laughter. May this Diwali bring new beginnings, fresh hopes, bright days, and new dreams. Wishing you all a very happy festival of lights!”

Deepak Patel with his family.



**DYLAN PATEL, YOUNG PROFESSIONAL  
DIRECTOR EASTERN DIVISION**

“For my family, Diwali is a time for self-reflection and renewal. It is not just a religious festival but also a celebration of our cultural heritage. As a second-generation hotelier, I stay committed to serving each guest with respect and providing a hospitable atmosphere. Diwali reminds me of this commitment each year.”



**PINAL PATEL, DIRECTOR AT LARGE  
EASTERN DIVISION**

“May the charm of the Diwali fill your home with happiness, and may the coming year provide you with all that brings you joy, victory, fulfillment, and success!”

Pinal Patel with his wife.

**PURNIMA PATEL, WOMEN  
HOTELIERS DIRECTOR EASTERN  
DIVISION**

“Wishing you and your family with a blessed Diwali. May millions of lamps illuminate your life with endless wealth, health, and prosperity. Warmest wishes for a joyous Diwali, from my family to yours.”

Purnima Patel with her family.



**NALIN (NEIL) PATEL,  
DIRECTOR AT LARGE  
WESTERN DIVISION**

“Diwali is a festival that emphasizes togetherness and the bonds we share with others, reminding us that family and friends are what make this special holiday truly meaningful. This year, more than ever, we are privileged to facilitate those meaningful connections, making our role as hoteliers in the travel industry even more gratifying. Let us pass down the essence of Diwali to the younger generations, teaching them that it’s not just about the lights and festivities but also about cherishing the warmth of our relationships and the love of our dear ones.”

Nalin Patel celebrating Diwali with loved ones.



**TEJAL N. PATEL, CHIA,  
CHO, WOMEN HOTELIERS  
DIRECTOR WESTERN  
DIVISION**

“Diwali’s message of unity and togetherness resonates deeply with the essence of hospitality. It reinforces our dedication to creating spaces where people from all walks of life can come together, celebrate, and make lasting memories.”

# Take control of your MONEY

## Laddering fixed-income securities for hotel reserve accounts

by STEVE COKER and SUNIL LAD

**T**HE DRAMATIC RISE IN interest rates during the past two years has been hard to miss, but many hoteliers are just now beginning to grapple with the implications of the shift. The low interest rates of the past 20 years have allowed operators to use less financial discipline, simply borrowing when needed. However, the era of extremely low interest rates appears to be over. Borrowing costs for purchase, refinance, or renovation have doubled. This shift presents new risks for those who are debt dependent and presents new opportunities for those who are financially disciplined.

### GET IN THE DRIVER'S SEAT

With higher rates, existing operators with fixed-rate debt may face significant

financing risk and not yet realize it. Without adequate planning for necessary improvements, existing operators could be forced to borrow at these high rates, significantly impacting cash flow and profitability. Consider for example your next franchise property improvement plan (PIP). These investments require significant capital investment ranging \$500,000 to \$5,000,000 every 5 to 15 years. Historically, many operators simply borrowed these funds and low rates made this strategy viable. However, if financing the next PIP now costs twice as much, operators could be faced with a significant hit to cash flow. Worse, some operators may simply be priced out of their franchise, forcing them into a lower tier flag that cannot command the same volumes of revenue.

### KNOW YOUR TIME HORIZON

Operators who recognize the interest rate shift now, before the required PIP, can take control of their future by establishing a reserve account over time. A reserve account puts the operator in control by providing a pool of funds for the PIP. The operator can decide whether to proceed with the PIP based on the actual revenue of the property, not just the financing costs. The reserve also improves the creditworthiness of the entity and can position operators to obtain more favorable lending terms if borrowing is needed for other deals they pursue. Most importantly,

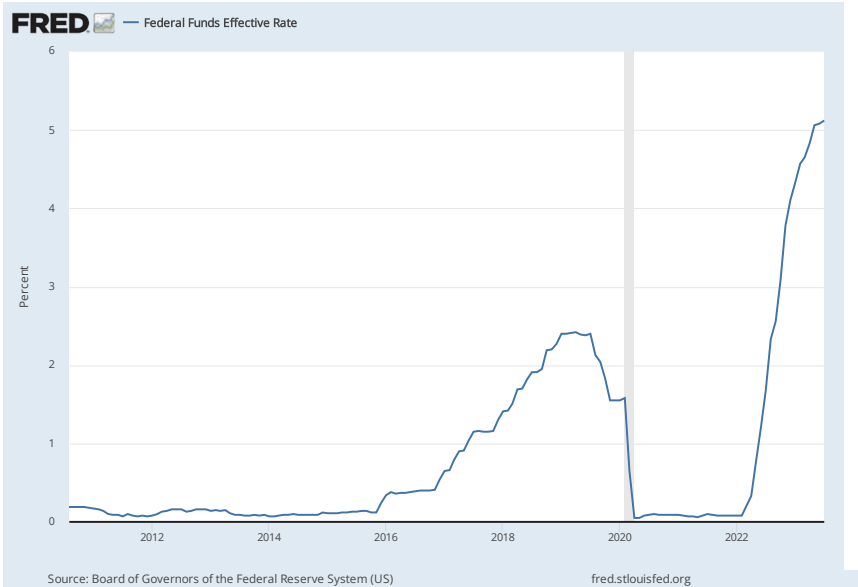
a reserve avoids a dramatic, unexpected drop in cash flow.

Thankfully, higher interest rates also reward those who plan ahead. Safer assets such as U.S. Treasury Bonds, investment grade corporate bonds, municipal bonds, CDs, and even money market accounts are paying the highest yields in more than a decade. For example, as of this writing U.S. 6-Month Treasury Bond yields are more than 5.4%.

### BUILDING HOTEL RESERVE ACCOUNTS

Most advisors recommend setting aside 4% of annual gross revenue as a reserve for capital expenditures. Consider making





“Without adequate planning for necessary improvements, existing operators could be forced to borrow at these high rates, significantly impacting cash flow and profitability.”

periodic (e.g., quarterly) contributions to the reserve. Funds should be invested in a conservative portfolio of bonds targeted to mature when needed, locking in the yield until maturity. As the reserve grows, the interest income will compound, providing an accelerating income against the original investment. Compounding has been hailed by many investors as the cornerstone of success.

For example, investing \$25,000 per quarter for 10 years at a 5% interest rate would grow to a total of \$1,287,238 with an investment of \$1,000,000.

Cedarstone Advisors has found success with the following plan for a hotel reserve account. After making your quarterly transient occupancy tax payment, transfer 4% of your gross revenue to a dedicated brokerage account. Use your brokerage account to allocate your funds into fixed-income securities with the best possible yield available based on your time horizon and risk parameters. This also gives you an opportunity to confidently make a cash distribution if you have excess cash in your checking account. Purchasing a one-year CD with a 5.0% APY could be great for the next 12 months, but it's fully taxable and will inevitably be subject to reinvestment risk at a lower rate if and when the Federal Reserve lowers rates. A U.S. five-year treasury note yielding 4.25% for the next 60 months offers tax benefits and could help maximize on your cash if it suits your time horizon. Or consider a 10-year corporate (A) bond with a yield to maturity near 6%.

Many operators will need to rediscover financial discipline or become a victim of the new, higher financing costs. Those who plan ahead will be rewarded with strategic flexibility, opening opportunities for investment. Those who fail to recognize the change in financing costs may suddenly find themselves with limited options. ■



Steve Coker, CFP, founded Cedarstone Advisors in 2014 after more than two decades in the finance and accounting industry. Steve set out to build a firm centered on the client

because he realized good financial decisions begin with understanding a client's entire story. He began his career as a certified public accountant with Deloitte in Los Angeles and later spent several years in corporate finance.



Sunil Lad, IAR, CHA, has worked in the hospitality industry for more than 17 years and currently operates limited-service hotels in California. He is registered with FINRA and works with Cedarstone Advisors to help clients maximize yield for their hotel reserve accounts. He can be reached at Sunil@Cedarstoneadvisors.com.

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1

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2

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3

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4

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# The power of protection

## The importance of executing a will or trust

by POOJA PATEL, ESQ.

**I F YOU WERE TO PASS AWAY WITHOUT A WILL OR TRUST**, the legal term for this is passing “intestate.” The specific outcomes can vary based on your situation, but the repercussions and burden you leave with your family can be drastic.

Consider a call DPA Attorneys at Law received a few weeks ago from a client for whom the firm had previously drafted estate planning documents. He asked for assistance for his late friend’s wife. Upon speaking with her, her exhaustion – both physically and emotional – was immediately apparent. Her husband’s sudden passing while they were traveling had been a profound shock. She was overwhelmed with the responsibilities of transporting her husband, caring for her family and children, organizing a funeral, not to mention coping with her own grief.

Naturally, the first question to the client was, “How can we help?” She explained she needed access to her husband’s bank accounts to cover mounting expenses, including funeral costs. She was asked whether she could provide her husband’s will or trust document, to which she responded, “He doesn’t have one.”

Realizing this would only add to her stress, the firm offered reassurance and proceeded to ask if her husband’s assets were held by entities or solely in his name. Hoping they were in an entity’s name, which likely would facilitate bank access due to joint tax filings, she instead revealed all assets were solely in her husband’s name. This caused immediate concern because, without any estate planning documents and with no assets in her name, she had no option but to go through the probate court process.

### TAKE CONTROL

The laws of intestacy, which apply when someone passes away without a will, dictate that surviving spouses are entitled to the estate (assets) of the deceased spouse. However, the probate process typically takes at least a year until a judge decides who should inherit the assets. This one-year timeline assumes no oppositions arise during the proceedings from other family members. During

this time, the wife has no access to bank accounts or assets until the court resolves the matter.

By this point, the suffering in her voice was noticeable, and she began to cry. She couldn’t bear any more bad news. Without a will or trust, you effectively relinquish control of your assets and the well-being of your family to the court system. There are several significant consequences including but not limited to:

1. Probate Court Deciding Asset Distribution
2. Unintended Beneficiaries
3. Family Disputes
4. Higher Taxes and Fees
5. Lack of Control
6. Guardianship Issues for Children
7. Loss of Asset Value
8. Unintended Heirs

### TOMORROW IS TOO LATE

Now that you’re aware of the consequences, will you prevent this happening to your loved ones?

You have control now. You have time now. Take the necessary steps to protect your hard-earned assets and, more importantly, ensure the future well-being of your family. You currently have the power to decide how your assets are distributed. Why entrust that decision to a judge who knows nothing about your finances or family?

You need to have a will, a trust, or both. A trust provides the flexibility required for business owners with multiple sources of income. It’s important to note a trust isn’t just about determining the beneficiaries of your assets; a comprehensive trust also should address matters such as appointing someone to make



health decisions on your behalf if you're unable to, naming a guardian for your pet, and setting conditions for your children's inheritance, such as kids receiving assets only after graduating from college.

An experienced legal representative can help walk you through this process, often asking very detailed questions to ensure your estate documents will accurately reflect your intentions. Additionally, there are numerous tax advantages to creating a trust. Collaborating with a tax attorney or financial planner during the drafting of your trust can potentially save your beneficiaries hundreds of thousands, if not millions, of dollars in taxes through the years.

Creating a will and trust benefits you and your family. For a relatively modest investment, you safeguard assets worth millions and, more importantly, spare your family from undue stress and wasted time in the future. ■



*Pooja Patel, Esq., is the managing attorney for DPA Attorneys at Law, a California-based firm specializing in numerous areas of expertise, including ADA issues, contract review and drafting, employment litigation and compliance, franchise litigation and negotiations, real estate transactions, and more. She is a defense attorney who fights for business owners alongside the team at DPA Attorneys at Law. With hotel operations and development background, her practice areas include franchise negotiations, employment disputes, real estate, ADA defense, and contract review/drafting.*

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# Breathing easy

Air quality –  
the unsung  
hero of  
wellness  
travel

by **HALEY PAYNE**

**W**ELLNESS TRAVEL means different things for different people – from soul-searching retreats to health-conscious cuisine or even exhilarating outdoor activities. But, one thing most travelers – and hoteliers – might not consider that can make a huge difference is sleep quality, beyond a comfortable mattress or a pillow with the perfect firmness. While wellness initiatives often focus on spa treatments, fitness facilities, and nutritional options, there's a critical, yet often overlooked, aspect that directly impacts guest satisfaction and wellness: air quality.

## **BEHOLD THE BENEFITS**

Traditionally, outdoor air pollutants like smog, allergens, and smoke have been the primary concern regarding air quality, especially for those with respiratory issues. However, indoor air quality is just as important, sometimes even more so for travelers. Indoor spaces can contain mold spores, bacteria, and even fragrances to scent spaces and can irritate guests. According to the Global Wellness Institute, wellness tourism is the fastest-growing segment in the industry. Increasing wellness offerings, such as improving indoor air quality, can be a gamechanger. It can be particularly advantageous for

guests who are hyperaware of their health and well-being, including business travelers who seek a balanced lifestyle when on the road.

Improved air quality does more than just offer a clean breathing environment; it actively enhances guests' health and wellness experience. Good air quality can lower stress, promote relaxation, and improve sleep. Clean air allows for easier breathing, which helps the body transition into a resting state, making it easier to enter REM sleep because the body can get to a resting state much faster and easier when it's not trying to fight off foreign air particles. This allows guests to wake up feeling refreshed and rejuvenated. A good night's sleep can be imperative for travelers who have a big presentation for work the following day, need to take a test in the morning, or are adjusting to a time change. This positive impact on sleep quality is critical for overall wellness during travel for any hotel guests.

A purified room can be life-changing for guests with allergies and asthma. Even those not typically sensitive to allergens may be impacted when traveling. For example, someone who has never been allergic to any flora might still experience an allergic reaction to regional plants, such as cactus flowers in Arizona. Furthermore, the more particles in the air, the higher the chances of those particles carrying harmful viruses or bacteria. Enhanced air quality, therefore, improves comfort and decreases the probability of airborne illnesses among guests. In this post-pandemic era, many people still are hesitant to travel – packing disinfectants is just as front of mind as packing toiletries. Knowing their hotel prioritizes air quality, thereby minimizing the risk of airborne illnesses, guests can enjoy their stay with peace of mind.

### WHAT STEPS CAN HOTELIERS TAKE?

As the wellness tourism market continues its upward trajectory, hoteliers are uniquely positioned to elevate their guests' experience by improving air quality.

## Hoteliers can embrace the shift and seize this opportunity for a premium experience by implementing the following four strategies:

### 1. Air-purification systems:

Incorporating advanced air-filtration technologies drastically can improve indoor air quality.

### 2. Allergen-free rooms:

Consider removing common irritants like feather pillows and offer hypoallergenic options instead. It's also important to deep clean for dust mites and mold spores.

### 3. Pet-free zones:

Pet dander is a common irritant for those with allergies or asthma. If the hotel is pet-friendly, designate a floor or specific rooms where pets aren't allowed to accommodate guests with pet allergies.

### 4. Limit fragrances:

Switch to natural, hypoallergenic scents for lobbies and public areas to avoid irritating guests. Eliminating fragrances in hotel rooms and scented laundry detergents for sheets and towels can make a huge difference for those with allergies or sensitive skin.

Educating associates on the topic and continuing the conversation also is important. Train associates to understand the importance of air quality, how to maintain it, and how to communicate its benefits to guests. Well-informed staff can serve as ambassadors for your hotel's commitment to wellness. They also can continue the conversation with guests and get feedback,

allowing hotels to keep improving and staying on top of wellness offerings.

In addition to overall guest satisfaction, offering wellness benefits also can improve a hotel's bottom line. By investing in better air quality, hotels can market their stay as a premium experience.

### THE FUTURE OF WELLNESS TRAVEL

According to Grandview Research, the global wellness tourism market was valued at \$814.6 billion in 2022 and is expected to grow at a CAGR of 12.42% from 2023 to 2030. And, while "primary wellness" travel or trips solely for health and wellness continues to grow, there's also a surge in "secondary wellness" travel. These are trips taken for other reasons, like business or leisure, where guests still engage in wellness offerings like spa treatments or hiking trails. Hoteliers are noticing that guests are increasingly willing to pay a premium for accommodations that promote health and wellness.

It's not just about plush robes, fine dining, or even a state-of-the-art gym. The air guests breathe arguably is the most fundamental aspect of their stay. When it comes to health and wellness, the goal should be to create rooms so pure that relaxation and sleep come naturally, meeting the wellness needs of every traveler. By recognizing and investing in improved air quality, hoteliers can strongly commit to wellness, fulfilling the increasing demand and setting their properties apart in the thriving wellness tourism market. ■



Haley Payne is head of commercial for Pure Wellness, driving its growth and success, by overseeing sales, marketing, and account-management

departments. Having been with the company since 2007, she has a passion for cultivating the purest and highest quality environments for each and every hotel guest, and she can be reached at [hpayne@pureroom.com](mailto:hpayne@pureroom.com).

# A call to ACTION

Navigating financial challenges  
in the hospitality sector

by RICK PATEL, KRISHAN PATEL, and the GRP CAPITAL TEAM



**I**N RECENT YEARS, THE HOSPITALITY industry has faced unparalleled changes, so it's imperative that hotel operators find a partner who can expertly advocate for their needs and aid them in navigating the complex financing landscape.

As of late, there are several critical issues affecting hotel owners that may require extraordinary action, including legislative and regulatory changes. Here are seven of the most significant pain points in the current economic climate:

### 1 RISING FINANCING COSTS

Loans are simply more expensive now, due to the high interest rates. Adding insult to injury is that the adjustable rate Small Business Administration (SBA) 7a loans, once affordable, are now quite expensive – often prohibitively so.

### 2 LOAN CONCENTRATION CONCERNS

Banks, especially smaller institutions, have set restrictions on the number of hotel loans they provide. These limits sometimes are set by regulators and sometimes by the leadership of the banks and lending institutions. These limits are particularly acute for smaller banks and community lenders. The result is there are fewer lenders for hoteliers and fewer loans from each lender. GRP Capital President Rick Patel

notes, “We have clients who have loans that are maturing. Even though they have a long-standing relationship with their lender, they’re still scrambling for funding because their capital providers have concentration issues. Borrowers may look to change relationships but projects that have cash flowed for years under low interest, fixed-rate loans may not cash flow in today’s debt market because business owners haven’t needed to increase pricing to keep up with rising cost of debt. This is a new development and is very challenging for everyone.”

### 3 SBA LOAN LIMITS

A \$5 million cap on the SBA program has excluded larger hotels and those with higher per-key value from securing bank and non-bank SBA guaranteed financing. Moreover, this cumulative limit hinders business owners with ownership in multiple properties. This cap should be raised to at least \$10 million to open up this necessary loan vehicle to a greater number of AAHOA Members. This is an issue upon which AAHOA has advocated extensively.

### 4 IMMINENT LOAN MATURITY CRISIS

Many loans are coming due right now. This is a normal cyclical occurrence. What isn’t normal is borrowers are facing much more expensive financing costs than in the past

with fewer options available. To make matters more dire, the SBA adjustable interest rate has made loans cost prohibitive for some during this high-interest-rate period. Borrowers are looking at bridge loans or interim financing options, but these products aren't as often loan-to-value constrained but debt service constrained.

“

Even though a number of hospitality markets are hitting pre-COVID sales, lenders are having a hard time looking past the credit risks they may have been forced to face during the pandemic.”

## 5 POST-COVID LENDER RELUCTANCE

Many lenders still haven't bounced back from COVID-19 shutdowns. Even though a number of hospitality markets are hitting pre-COVID sales, lenders are having a hard time looking past the credit risks they may have been forced to face during the pandemic. Even with an abundance of supporting evidence that goes beyond typical bank requirements, lenders are hesitant or restricted. Lenders seem to be focused on mitigating risk for the future, which some will agree is a fiduciary duty, but it comes at the cost of holding back business owners today.

## 6 INFLATIONARY PRESSURES, PARTICULARLY ON INSURANCE

Every business grapples with higher prices for goods and services and hotels are no exception. Certainly, attracting and maintaining a full complement of staff is one of outgrowths of mild inflation combined with close-to-full employment. But, the skyrocketing insurance costs are particularly brutal in the hotel sector. Rick Patel notes, “We have clients whose insurance costs are astronomically higher than they were when they first purchased their policies. It's particularly difficult to obtain and afford insurance in coastal regions and in states where insurance companies have simply quit doing business.” These same owners also are reporting these exorbitant policies don't even cover wind damage, thereby limiting the effectiveness and the value of the required insurance policy.

## 7 CHALLENGES FOR ECONOMY CHAINS

Many conventional lenders absolutely exclude exterior corridor properties without exception, but these properties often are profitably and efficiently run. Lenders should understand there's demand for these properties. Many guests who are tradesmen and other workers appreciate exterior corridors, so they can keep eyes on their vehicles

throughout their stays. As it stands, owners of economy-class properties, particularly those with exterior corridors, only have the options of SBA guaranteed loans, which are expensive loan vehicles right now. The upshot: Some of the leanest-run businesses are being forced into higher interest arrangements. GRP Capital Loan Processor Keren Alpert notes, “These clients are our bread and butter. I feel like they're part of our family. It's in everybody's best interest to support these entrepreneurs.”

### PARTNERSHIP POWER

AAHOA leadership will have to advocate on behalf of members to obtain some relief for them, and the GRP Capital staff is working closely with the AAHOA team to keep them informed of the issues regarding loans and financing as it relates to AAHOA Members.

Together, we hope relief will be forthcoming in the forms of increased loan availability, guarantees to make short-term relief available, as well as new programs to aid in securing more comprehensive property insurance. It may be necessary to place a ceiling on SBA loans with adjustable interest rates so borrowers can plan for changing costs of borrowing without being priced out of loans entirely. In addition, with appropriate SBA guarantees, lenders can offer short-term relief to struggling borrowers by allowing for periods of interest only payments or reduced payments altogether.

In general, we all need to pursue the policy of making more financing available for a greater variety of borrowers. ■



*Rick Patel is the founder and president of GRP Capital, managing strategies primarily in capital markets. He ensures compliance with all applicable policies, studies economic trends and market health, and is directly involved in forming each of GRP Capital's debt strategies.*



*Krishan Patel is managing director at GRP Capital, overseeing the firm's day-to-day operations and credit underwriting. Since joining GRP in 2016, Krishan has structured over \$500M in debt, advocating for borrowers and their successes. He can be reached at [kpatel@grpcapital.com](mailto:kpatel@grpcapital.com) or (239) 294-1663.*




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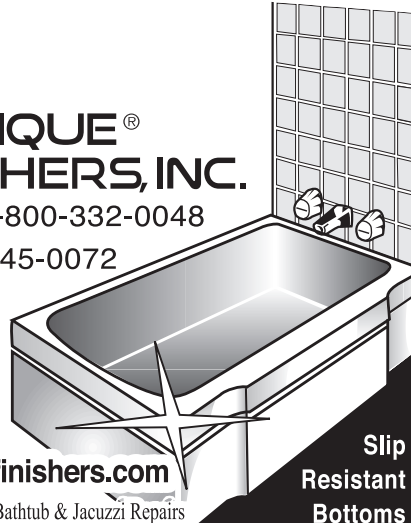
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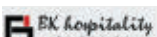
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# AAHOA MEMBERS IN ACTION



AAHOA organized a vendor appreciation event that gathered 80 Industry Partners under one roof. It was a fantastic opportunity to strengthen connections with these vendors, thank them for their unwavering support of AAHOA, and create better opportunities to bring top-notch products and services to hotel owners.



Hoteliers listened to AAHOA updates and industry news at the South Pacific Regional in San Diego, CA.



AAHOA thanks its leaders and all attendees for making the Northwest Regional Conference & Trade Show an outstanding success.



Left to Right: AAHOA Member Gaytriba Zala, then-Speaker of the House Kevin McCarthy, and AAHOA Ambassador GJ Zala engaged in a productive conversation about hospitality issues and shared a special Raksha Bandhan moment.



Left to Right: AAHOA Gulf Regional Director Vimal Patel, Secretary Rahul Patel, Treasurer Kamallesh (KP) Patel, Gauthier, Murphy & Houghtaling LLP's Yulia Houghtaling, Chairman Bharat Patel, and Vice Chairman Miraj Patel at the South Central Texas Regional.



AAHOA leaders with women hoteliers at the Washington DC Area Regional.



AAHOA President & CEO Laura Lee Blake (fourth from left) and Augusta hoteliers attended another Committee hearing to address the challenges hoteliers are facing with guests who have checked into their hotels, stopped paying for the rooms, and are refusing to leave.



The Greater Los Angeles Area Regional event delivered an exciting trade show experience for attendees.



AAHOA Members connected with local hoteliers and heard from special guest speakers Congresswoman Barbara Lee and California Attorney General Rob Bonta at the North Pacific Regional.



At the Indo-American Chamber of Commerce business mixer, Michigan Governor Gretchen Whitmer presented the Business Icon Award for Exemplary Service and Commitment to Excellence in the Hospitality Industry to AAHOA Chairman Bharat Patel.

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### Today's Hotelier Statement of Ownership

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#### STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

(Act of August 12, 1970: Section 3685, Title 39, United States Code)

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14. Issue date for circulation data below: November
15. Extent and nature of circulation:

	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total no. copies (Net press run)	8,576	9,245
b. Paid circulation (By Mail and Outside the Mail)		
(1) Mailed Outside County Paid Subscriptions Stated on PS Form 3541		
(2) Mailed In-County Paid Subscriptions Stated on PS Form 3541	7,736	7,755
(3) Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®		
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(4) Free or Nominal Rate Distribution Outside the Mail	825	1,475
e. Total Free or Nominal Rate Distribution	825	1,475
f. Total Distribution	8,561	9,230
g. Copies Not Distributed	15	15
h. Total	8,576	9,245
i. Percent Paid	100	100
16. Electronic Copy Circulation		
a. Paid Electronic Copies		
b. Total Paid Print Copies (Line 15c) + Paid Electronic Copies (Line 16a)	7,736	7,755
c. Total Print Distribution (Line 15f) + Paid Electronic Copies (Line 16a)	8,561	9,230
d. Percent Paid (Both Print & Electronic Copies 16b divided by 16c x 100)	90	84

17. Publication of Statement of Ownership: November 2017  
I certify that the statements made by me above are correct and complete.  
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“The lamps are different  
but the light is the same”

*-Rumi*



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