

What do asset managers want?

20 JUNE 2018 7:24AM

Here's a look at how asset managers and management companies can work together efficiently.



By Robert Gilbert

During the many meetings I've had with asset managers or with hotel management companies, it's rare that they don't talk about what they need and expect from each other. "I wish my asset managers did this," the hotel management companies say. "I wish my hotel management companies did that," the asset managers say.

For that reason, every year we invite asset managers to speak to our Hospitality Management Company Sales & Marketing Executive Roundtable. At our most recent roundtable, I moderated a session with two veteran asset managers: Maxine Taylor, SVP of CHMWarnick and president of the Hospitality Asset Managers Association (HAMA); and Dave Johnstone, chief investment officer for McWhinney.

What's keeping them up at night?

"It's likely a lot of the same things that are keeping you up at night," Taylor told roundtable participants. "For one, the sheer number of disrupters—it feels like whack-a-mole out there," from competing with HotelTonight and Airbnb, to managing the rising costs of customer acquisition and optimizing sales labor deployment.

Johnstone added: "Where I struggle these days is digital marketing versus advertising. Trying to figure out where is the best ROI is really where we spend our time—figuring out, 'what is the best use of our money?'"

What should asset managers be focused on?

One roundtable participant asked how involved an asset manager should be in day-to-day business, especially in cases where a hotel's GM ends up feeling trapped between the asset manager and the management company.

"To me, asset management is an art," Johnstone said. "Our goal is to get the operator to perform as best as possible. And if that means to stay out of the way, you stay out of

the way. When things are going well, don't get in the way. If I feel like I'm right about something, and I've done some math to think that through, I will make it their idea. I will try to lay the day in front of them and say, 'think about it like this,' and then have them come back to me and say, 'hey, we should do this.'"

Taylor agreed.

"We try to balance it," she said. "We're not looking to micromanage the operating team. But we do think there is value to be added from working collaboratively. Operators have the tactical expertise and local market expertise, while asset managers can bring broad visibility across brands, operators, markets and property types and resulting best practices.

"Whether you want to look at pricing strategies, market share or opportunities to optimize RevPAR, if there's a more profitable way to skin that cat, let's talk about it. It should be an iterative and collaborative relationship where the sum of the whole is greater than its parts. That being said, with management and brand often one in the same, alignment with ownership investment objectives can be challenging at times, as the owner is responsible for paying all of the expenses associated with management decisions. Naturally, we're going to want to have a say in it."

Is there a difference between a third-party management franchisee and a brand-managed asset?

"I tend to look at them equally in terms of the working relationship," Taylor said. "I do find third-party operators to be less bound by corporate standards and can be slightly more less flexible at times when implementing initiatives."

Johnstone added: "The plus and minus of a brand is they cost more. Their expenses are higher. With independents, it's a fact that their expenses are lower, but most of them have a much higher turnover."

What if you think an asset manager wants to sell?

Taylor suggested being candid.

"I think it's always best just to ask, 'are we for sale?'" she said. "Are you trying to drive something differently with respect to strategy right now that I should be aware of? I think people want to be honest. I don't think they want to play games. If they're trying to get to something, and you can help them get there, they might as well tell you."

Johnstone emphasized the importance of building trust.

"I'll take the GM, sales and marketing team, the exec team—we'll go out for dinner and have a social thing, so you can look at me as a genuine person, and I can look at you as a genuine person," he said. "Trust is how you get to alignment. I take my group out twice a year for a fun day. We went and did escape rooms, we did ax throwing, then we had meals together. All of that interaction builds trust. It knocks walls down."

What makes a good hospitality sales and marketing professional?

“They get what my goals are,” Johnstone said. “They understand what I’m trying to accomplish.”

Taylor added: “It goes back to the team. They’re ahead of everything. If there is a mutual understanding of ownership’s goals and investment objectives, I don’t really need to be down in the weeds with a capable team, because they come up with a plan, and they execute on it. And you can see every month or every week, when we speak, that they’re moving toward that common goal. I’m there as a resource, but they do it on their own. It’s beautiful to watch.”

Robert Gilbert, CHME, CHBA, is president and CEO of Hospitality Sales & Marketing Association International (HSMIA), a global organization of sales, marketing and revenue-management professionals representing all segments of the hospitality industry. With a strong focus on education, HSMIA leads the way in identifying and communicating trends in the hospitality industry. Founded in the United States in 1927, HSMIA is membership organization comprising 5,000 members from 35 countries and chapters worldwide.

The opinions expressed in this column do not necessarily reflect the opinions of Hotel News Now or its parent company, STR and its affiliated companies. Bloggers published on this site are given the freedom to express views that may be controversial, but our goal is to provoke thought and constructive discussion within our reader community. Please feel free to comment or contact an editor with any questions or concerns.