



A Hotel Owner's Perspective: Hotel Re-Opening – Owner Concerns (Part 1)

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Hotels are looking to re-open soon. Many have announced re-opening dates, and many have started or continue to plan a re-opening. Owners with branded managers or brand franchisees with third-party managers know that a lot of effort is going on under the surface; it all may not be visible, but, surely, the effort is there. What does all this effort mean for an owner?

I view the re-opening processes we are seeing as more akin to a new property opening (or a brand conversion) than a mere continuation of ongoing operations; in an opening environment, the owner would approve a pre-opening budget and, in many instance, the pre-opening marketing and the hotel's staffing plans that the budget is designed to provide. Many operators are likely to consider the re-opening process more comparable to continuing operations after damage causing a closure. The truth is, very few, if any hotel management agreements – with a branded operator or a third-party operator – shed any light on a closure or re-opening process under any circumstances, and, particularly, one in which lives may literally be at stake by mistakes in re-opening.

Every owner should require its manager to create a "Re-Opening Plan" that would include the following:

- a) Critical Path for all re-opening matters, possibly day-by-day, but, certainly, week-by-week, including recall of staff, from the start of the process to the proposed re-opening date and beyond;
- b) Detailed Marketing Plan for the re-opening;
- c) Budget for inventory, staff recall, marketing/PR and any other re-opening needs, including any capital requirements for expected operational changes;
- d) Staffing guide, organization chart, timing of notification of termination of those employees expected to be terminated and severance costs and impacts;
- e) Highlights of anticipated organizational and operational changes; and
- f) Projected operating results for 12 to 18 months following re-opening.

Though most of the major brands and the AH&LA have announced new and updated cleanliness and sanitation guidelines, to my knowledge, no brand has fully set forth post-re-opening guidelines regarding the broader changes to its operations. These are likely to be significant. My point, of course, is that the “operational design” changes should be driving the “organization chart” changes to a great extent, rather than vice-versa, and we do not really know what those are. Further, there will be new, ongoing operating costs from many of these operational changes that will negatively affect operating profit into the pre-vaccine future, offsetting some of the potential employment costs savings derived from operating more leanly. I would suggest a healthy degree of skepticism toward the operator that indicates significant staffing and organizational changes without a detailed outline of the operating changes giving rise to the staffing changes (especially, those requiring severance).

The following list of possible changes may very well affect the staffing and, sadly, the hotel profitability after re-opening (items with an asterisk (*) indicate a potential required capital infusion to make the changes):

- front door personnel (bellman, valet), concierge and front desk positions would likely consolidate into one role (if the front door positions are not eliminated entirely)
- certain managerial roles could be combined (e.g., front office and housekeeping)
- a senior housekeeper or a housekeeping supervisor/manager may be designated as responsible for the new cleanliness and sanitation standards, requiring specialized training
- front desk may require partitions to separate guests from employees, or self-check in/out kiosks may be required*
- housekeeping and cleaning services in the hotel will be enhanced broadly*
- various types of equipment, from PPE to robotic sanitizers to electrostatic sprayers to ultra-violet wands might be required*
- room, public areas, high-touch areas and BOH cleaning will be more expensive (the industry is guessing 5%-6% more housekeeping cost; my guess is closer to 12%-15% due to breadth of need to continually sanitize all spaces (FOH and BOH) without regard to labor productivity impacts)
- labor productivity impacts (and, where appropriate, impacts on work rules under CBA's) arising from all operating changes, but, especially, room cleaning standards; on the “No Vacancy News” Podcast, May 11, 2020, David Kong, CEO of Best Western, acknowledged that BW's new cleaning procedures will add between 50% and 100% more time to clean a room)
- introduction of new/different cleaning agents and education and training of employees

- removal of excess “clutter/touch points” in guestrooms (e.g., throw pillows, collateral material, coffee makers, pens, pads, clock radios/clocks, extra pillows, blankets and robes, other bits-and-bobs, etc.)
- elimination of housekeeping service during a guest’s stay
- rooms may be made “unavailable” following a guest’s stay for a period of one or two days (think of the impact on occupancy there), with a deeper cleaning when the guest leaves
- Fitness/Spa/Pool and concierge lounge (where applicable) might be eliminated (or remain closed); in the case of the fitness center, perhaps it becomes available ‘by appointment only’
- room service and other food & beverage service, especially, restaurant layouts and seats and the complimentary breakfast buffet that is a staple offering in focused service hotels, might be dramatically changed
- meetings are likely to be virtually non-existent or vastly different for some time to come; food service, if there is any, at meetings, if there are any, will be a nightmare
- elevator usage might be curtailed (or numbers of people in a lift at one time limited) in both front-of-house and BOH
- receiving and loading dock procedures and scheduling and storage of newly delivered food stuffs, goods and equipment will require inventiveness and, possibly, special handling*
- vendors and service providers to hotels will need to be vetted and their standards of operations, verified
- employee daily check-in and check-out might be affected (e.g., temperature checks, cleanliness protocols, require showers at hotel upon employee punch in, staggered start times – thus changing or extending starting time – etc.)
- changes to employee locker rooms, breakrooms and employee cafeteria and attendant practices related to those areas*
- employee requirements regarding sickness, elevated temperature, day care needs, etc.re
- changes to HVAC and air filtering systems*
- ongoing changes to federal or local cleanliness/sanitization requirements*

Social distancing modifications could impact each of the foregoing bullet points in yet undetermined ways. And, I am sure that this is not a complete list.

In the second installment of this series, I will develop a series of questions that every owner that is not itself a manager of its hotel should ask of its operator – whether branded or third-party working under a brand franchise agreement or, even, independent – regarding the employment and human impacts resulting from the closure and re-opening.

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