



Value Enhancement Through An Operational Assessment

Studying the forecast, monitoring group pick-up, reviewing monthly financial results, benchmarking to the competition – these are effective means of assessing hotel operations, and at this level, assuming competent management, your operator has it covered – after all that is what they are paid to do. There is, however, a more broad meaning and purpose implied by the term “operational assessment”, typically not captured as part of daily oversight. As asset managers and hotel investment advisors, we define **operational assessment** as the process by which key opportunities are identified to enhance revenues, reduce costs, and improve operating margins = **maximize asset value**. By this definition, an operational assessment entails a critical review of operations, thinking outside the box, bringing a strategic vision to the organization, improving communication within a hotel and identifying opportunities for positive change. CHM has realized significant results in nearly every situation, including commercial hotels, destination resorts, branded, independent, professionally managed or family run – there is always an opportunity for value enhancement. The following highlight some of the key considerations for hotel owners when conducting an operational assessment:

Foster Collaboration. It is imperative that the operator and facilitator of the assessment work as a team. The process should not be presented or viewed as threatening, but rather a common goal of improving operations for the betterment of the asset and all parties involved. Interviews should be conducted within each operating department and include management, as well as line staff, to obtain the most complete picture possible when it comes staff organization and deployment of resources. Staff should be encouraged to be as candid as possible and forthcoming with improvement suggestions, as they are often in the best position to communicate challenges and identify opportunities. It is ultimately the management team that holds the key to implementing change, so mutual understanding of the process and initial buy-in is essential.

Be Strategic. Have a detailed game plan for collecting pertinent data from which to draw conclusions and make recommendations. There is a time commitment involved with property staff and being organized in your approach will service to minimize interruption and expedite the process. Strategic thinking should also be applied to the process of identifying, implementing and tracking results for all initiatives.

Don't Judge a Book by its Cover: Brainstorm away, but don't assume that a change at one property will work for all. Be sensitive to the unique circumstances surrounding each operation. Challenge your operating team but also be prepared to work within the context of implementing only viable goals.

Consider Your Exit Strategy: It is important that initiatives be categorized into an appropriate time frame to begin to understand when impact from implementation of any given action can be realized in order to develop an initiative priority and actionable timeline. Timelines should be balanced against your desired hold period to ensure that projects are timed effectively to realize the maximum benefit at disposition.

Consult The Experts: While no group is more familiar with the intricacies surrounding a hotel's operation than its operating team, we find that management is often so focused on short-term performance and brand standards that they may not provide the best vantage point by which strategic value enhancement opportunities can be identified. Critical evaluation of a hotel's operation is best accomplished through a third-party operations expert, who can offer an alternative perspective, unbiased and uninfluenced by internal factors.

CHM has conducted hundreds of operational assessments for hotel owners, identifying and strategically implementing actions that have had a material impact on cash flow and overall asset value. Please call us at 978.522.7000 to learn more about CHM's services and how we can help unlock the hidden value in your hotel assets today!

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With a focus on lodging real estate investment, ownership and asset management, we are dedicated to enhancing value and maximizing returns for our clients and investment partners.

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Operational Insight

We are proud to introduce the latest addition to our team, Mr. Michael Doyle, joining CHM with more than 25 years of hotel operations and development experience.

“Michael brings a unique perspective and level of operational experience that will further strengthen our ability to go in and quickly identify ways in which to enhance value. Applying his expertise will be a direct value add to our service offerings and investor clients”, says Chad Crandell, President of CHM.

Prior to joining CHM, Mr. Doyle served as President of Willowbend Golf Management, specializing in the operation and development of resort golf properties. Previous, Mr. Doyle served as General Manager for several world-class luxury properties including The Charles Hotel in Cambridge, MA, the Seaport Hotel and World Trade Center Boston, MA, the Hotel Millennium in New York, among others. He has resided over nearly every major full-service brand, including Four Seasons and The Ritz-Carlton, overseen multiple hotel openings and managed capital improvement projects in excess of \$100 million.

“We’re seeing a lot of deals come our way and Michael will be instrumental in quantifying operational upside which will be invaluable insight in helping our clients making sound investment decisions”, Ken Wilson, CEO.

Mr. Doyle works out of CHM’s corporate offices in Beverly, Massachusetts, and can be reached at 978.232.3620 or via email at mdoyle@capitalhotelmgt.com.

