

Nobody Asked Me, But... No. 16
The Newest Independent (and Oldest Partially Independent)
Franchise Association in the Hotel Industry
By Stanley Turkel, MHS, ISHC

In my June 24, 2006 “Nobody Asked Me, But... No. 11” Hotel Online article, I asked “Do Hotel Franchisees Need Independent Franchise Associations?” I wrote that by 2005, more than 300 such associations had formed in all U.S. industries, up from fewer than 30 in 1992, mainly because of acquisitions and mergers. Corporate attitudes of franchisors have hardened causing franchisees to realize that powderpuff franchise advisory councils are insufficient vehicles for negotiations with their franchise company. I reported that in hotel franchising there is only one operating independent franchise association: the Econo Lodges of America Franchisee Association (ELFA).

Much to my surprise, I received two responses which stated that there are other independent franchise associations in the hotel industry. One of them is called ASFONA- the Association of Starwood Franchisees & Owners- North America. ASFONA is an independent organization (recently revived) comprising Sheraton, Four Points by Sheraton, St. Regis, The Luxury Collection, Le Meridien, W Hotels, Westin and aloft owners representatives. The Association’s mandate is to interact with Starwood in the development of brand policies, standards, technology and all other issues that impact its member’s businesses.

John A. Shingler, president of ASFONA writes, “Since the arrival of Steve Heyer as Starwood’s CEO we have worked together with him and his management team to build a solid business relationship between the two organizations and this has been successful. Today, I do firmly believe that we do have a platform of mutual respect. Starwood has a lot of great brands and we have a lot of members who have a lot of money invested in those brands. We in ASFONA believe that we can best represent our members investments by remaining independent of the franchisor and managing an effective communication conduit of open and frank dialogue between the franchisor and it’s franchisees.”

At a twice-yearly meeting of the ASFONA Board of Directors with the senior management of Starwood (including Steve Heyer, CEO; Geoff Ballotti, President North America; Lynne Dougherty, SVP Owner Relations) held on April 5, 2006, the agenda subjects included the following discussion points (as reported on www.ASFONA.com):

- Galaxy- installation update, issues, costs
- Lightspeed- reliability, cost, training
- Revenue/Yield Management- management initiatives
- SPG Program- production, benefits, funding, expenses, reserves
- Status re Starwood's Commitments stated in Ken Siegel's letter
- RevPar Statistics in North America vs. Comp. Set
- Response Factors With the GSI Program
- Design Updates- process, response time
- Advertising Campaigns- funding
- American Express Travel- relationship
- Pepsi vs. Coke
- Four Points by Sheraton- changed signage costs
- LCD TV Year End Timeline- no specs
- Frequency of Changing Standards

Shingler reports that each of the above-mentioned agenda items were addressed and discussed in detail at the meeting. Most of the areas discussed were brought to a satisfactory conclusion/ resolution, with an improved level of understanding. In some cases, there was a commitment to implement action of change. However, there were some agenda points that required further investigation and action back at Starwood headquarters in White Plains, N.Y.

Geoff Ballotti and Lynne Dougherty committed to report back to the ASFONA Board on the actions being taken, conclusions drawn and updates on all areas requiring further work on their part.

ASFONA members who would like to receive more detailed information on any of the above discussion points should contact John Shingler at johnshingler@asfona.com or 619-756-2424.

The second response came from IAHI, the owner's Association of InterContinental Hotels Group which just celebrated its 51st birthday. IAHI was created by founder Kemmons Wilson as the International Association of Holiday Inns. It now represents the interests of nearly 3000 owners and operators of InterContinental Hotels Group (IHG) hotel brands including: Holiday Inns Hotels and Resorts, Crowne Plaza Hotels and Resorts, Holiday Inn Express, Staybridge Suites and Candlewood Suites. The stated mission of IAHI is "to operate an association of owners and operators that create a multi-level forum for exchange of information, ideas and best practices between franchisees and IHG company executives."

While the IAHI is the valuable voice of its members to IHG and has numerous committees and a political action committee (called INN-PAC), it nevertheless does not meet the test of a completely independent franchise owners association. For example,

- The IAHI office is located in Holiday Inn headquarters
- Five members of the IAHI Board are appointed by IHG and are not elected by members
- Important issues like areas of protection, encroachment and impact, termination and liquidated damages are essentially determined by IHG.

Let's agree to call IAHI a venerable and vigorous partially independent franchisee association.

Stanley Turkel, MHS, ISHC operates his hotel consulting office as a sole practitioner specializing in franchising issues, asset management and litigation support services. Turkel's clients are hotel owners and franchisees, investors and lending institutions. Turkel serves on the Board of Advisors and lectures at the NYU Tisch Center for Hospitality, Tourism and Sports Management. He is a member of the prestigious International Society of Hospitality Consultants. His provocative articles on various hotel subjects have been published in the Cornell Quarterly, Lodging Hospitality, Hotel Interactive, Hotel & Motel Management, Lodging, FIU Hospitality Review, AAHOA Lodging Business, Bottomline, New York Times, Wall Street Journal, Travel & Leisure, etc. If you need help with a franchising problem such as encroachment/impact, termination/liquidated damages or litigation support, don't hesitate to call 917-628-8549 or email stanturkel@aol.com.