

The background of the entire slide is a dense, overlapping field of US dollar bills, primarily \$100 bills, scattered across the surface. The bills are slightly out of focus, creating a sense of depth and abundance. The text is centered over this background.

# Meet the Money 2017

Moderator

Michelle Russo, CEO & Founder

HotelAVE

Panelists

J.D. Barnes, Hilton Worldwide

Marc Hoffman, Sunstone Hotel Investors

Ali V. Kasikci, Bentley Management

Saxton Sharad, PostScript Hospitality

# Topics

Speaker	Topic	Hotel Example
Marc Hoffman	Union Restructuring via Catering Space expansion	Hyatt Regency Embarcadero, San Francisco
Marc Hoffman	Room Service & Market Concept	Hyatt Regency Embarcadero, San Francisco
JD Barnes	Technology in Labor Optimization (paybacks and savings for different labor technologies)	TBD
Saxton Sharad	F&B Revenue Generation (increase guest checks)	TBD
Ali Kasikci	Management Innovation	Montage Beverly Hills, Rosewood Miramar
Saxton Sharad	Turndown & Linen Alignment	TBD
Ali Kasikci	Revenue Management Enhancement	Sunset Tower
JD Barnes	Importance of the Labor Management System and Proper Scheduling Tools	TBD

# Hyatt Regency San Francisco



## Property Overview

Location	San Francisco, CA
Number of Rooms	804
Square Feet of Meeting Space	72,000
Ownership Type	Fee Simple

## Acquisition Overview

Transaction Closed	December 2013
Purchase Price	\$263 million
Purchase Price per Key	\$327,300
Multiple on 2014E EBITDA at Acquisition	14.2x
Cap. Rate on 2014E NOI at Acquisition	6.0%

## Acquisition Rationale

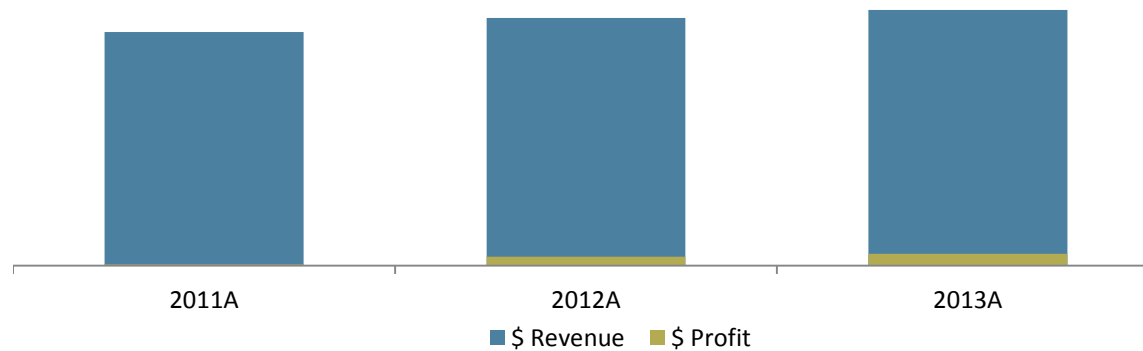
- Opportunity to acquire a high quality property situated in a prime, fee simple location in San Francisco's financial district
- Hotel located next to numerous corporate and leisure demand generators with additional uplift expected from the construction of 3 million square feet of new office space in immediate vicinity
- Substantial upside opportunities available through renovation, streamlining of F&B offerings and more intensive labor asset management of F&B

# Union Restructuring via Meeting Space Expansion & Room Service & Market Concept

## Food and Beverage History

- Hotel had severely undersized lobby bar and nondescript hotel B/L/D space generating very low sales per occupied room.
- Hotel atrium catering space not being optimized due to lack of permanent space versus temporary look.
- Room Service profitability was losing \$0.7 million annually on \$1.3 million in total revenue.
- Historically, banquet scheduling and the banquet operating labor cost model had not been challenged operationally through the years.

## Historical Financials



## Lobby - Before



## Front Desk - Before

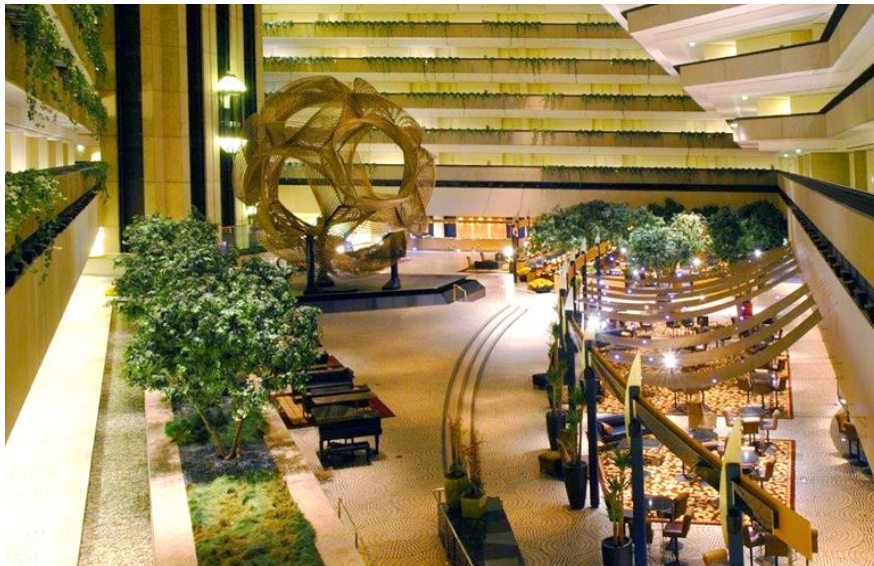


## Lobby Bar - Before



# Union Restructuring via Meeting Space Expansion & Room Service & Market Concept

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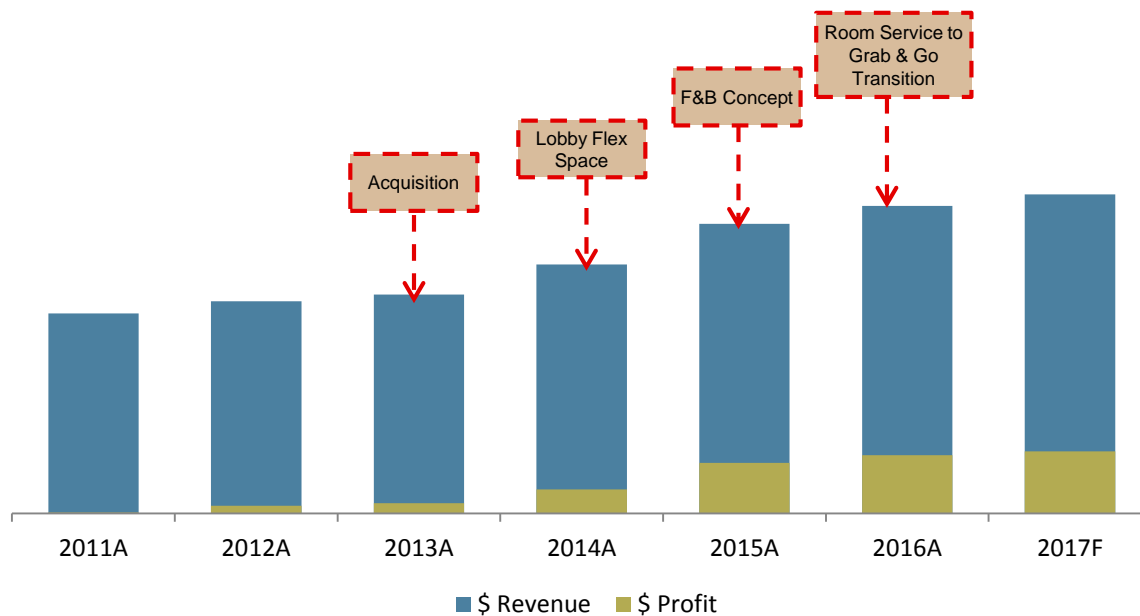


# Union Restructuring via Meeting Space Expansion & Room Service & Market Concept

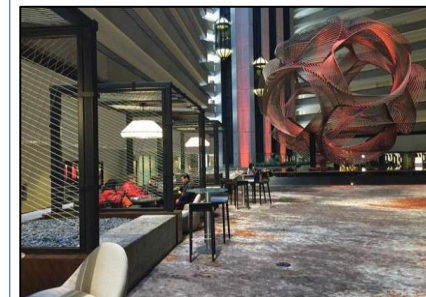
## Food and Beverage Profit Improvement Plan

- Re-concept 7,000 sqft. of makeshift lobby meeting space to modern permanent flex space with nano walls which created seven 1,000 sqft. partitions.
- Demolish 25-year old tired lobby F&B restaurant and bar concepts to build new 2-story feature bar and dining concept with private spaces enclosed in public location (SPOR growth of ~50%).
- Combine Room Service with new Grab & Go Market concept. The transition from Room Service to Grab & Go reverses a loss leader to a profit center.
- Time and motion study and significant work with management on scheduling.

## Actual Financial Trend



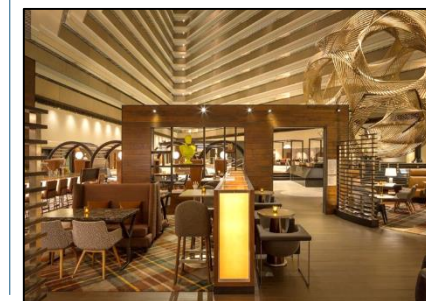
## Guestroom - After



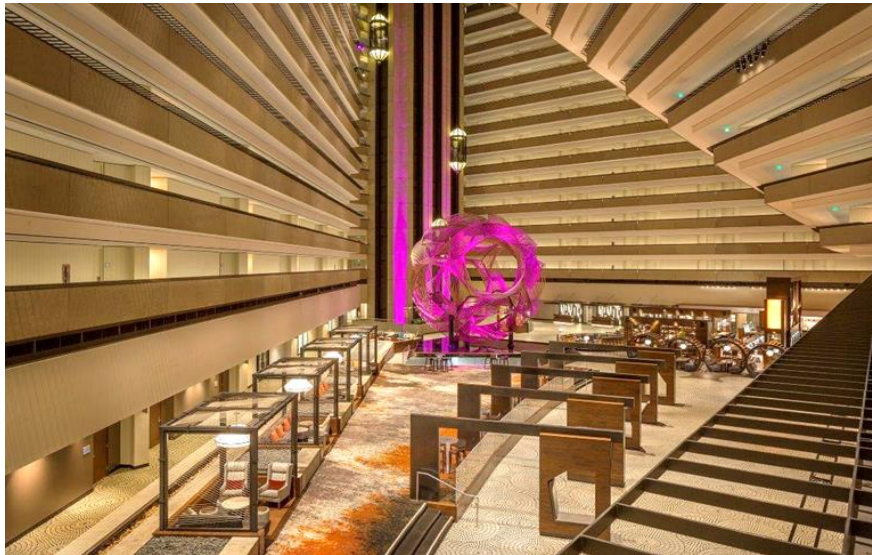
## Front Desk - After



## Lobby Bar - After



# Union Restructuring via Meeting Space Expansion & Room Service & Market Concept



## Does the tool compliment your business?

Housekeeping	Front Office	Food & Beverage	Engineering
REX ProStar Pulse OnVation	Digital Key HotSOS KIPSU Virtual Concierge	Guest Metrics Mobile POS InfoGenesis Lobster Ink	Synergy HotSOS Tool Vending

## Technological installations require:

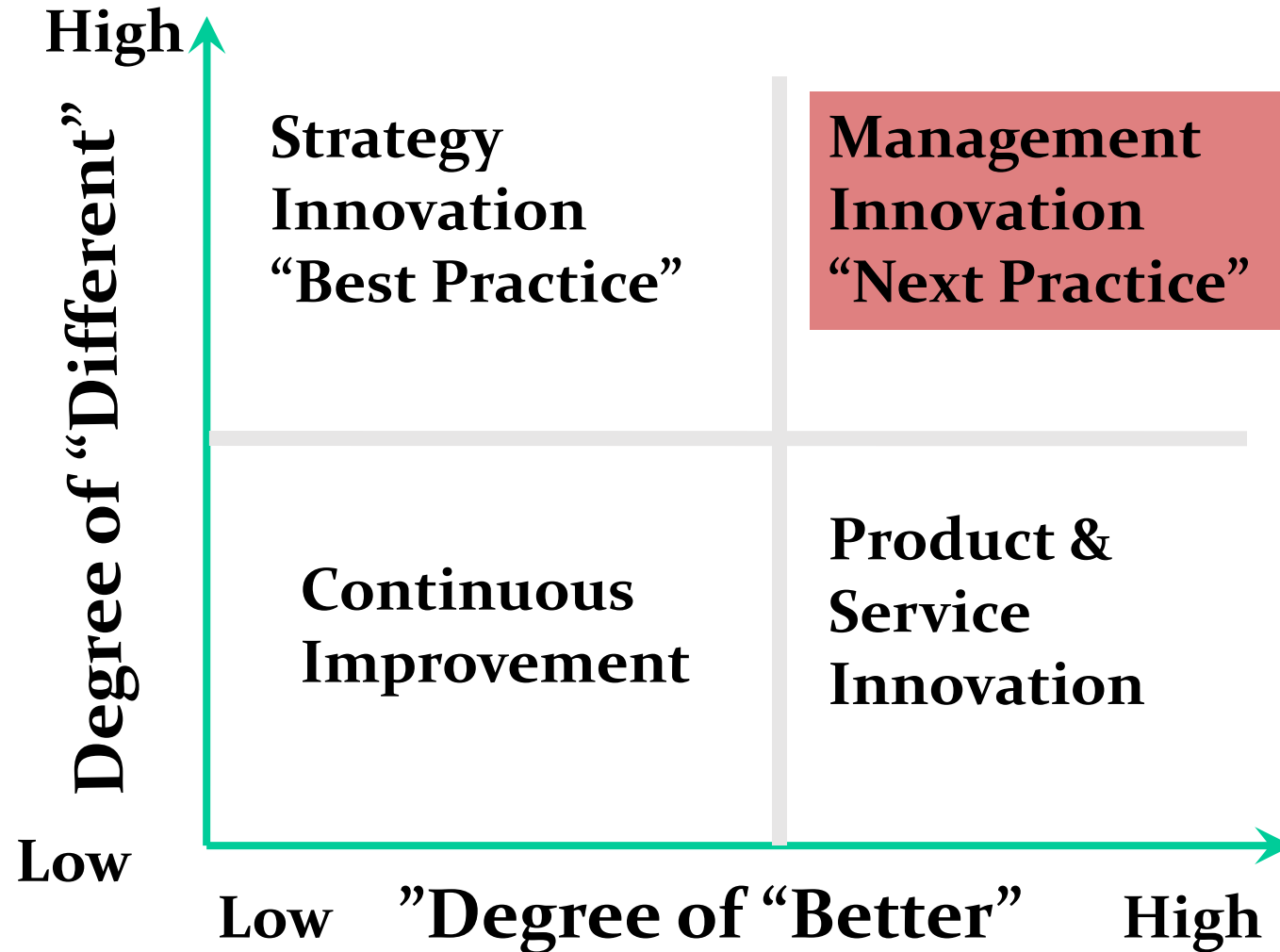
- An understanding of the culture of the environment you are implementing it into
- A firm definition of the business case, and a ruthlessness in defending it. Once you start undermining the “raison d’être” of the business case you have just undermined the ROI
- The technology must be new and something that is going to teach the business
- The technology must gather data that is meaningful, and clear. If the data is ambiguous, then everything else is noise
- Ensure you are installing all the features. If you start picking and choosing you are loosing out on accountability
- Remember technology can get in the way of good management practices if you are not careful. Don’t loose sight of first principles



# Driving Guest Experience to increase F&B Revenue

<b>Pre-Setting Dessert Opportunity Example</b>			
	<b>Total F&amp;B Revenue</b>	<b>Dessert Revenue (\$)</b>	<b>Dessert Revenue (%)</b>
<b>Base Period</b>	\$1,502,838	\$51,199	3.41%
<b>Pre-Setting Dessert</b>			4.54%
<b>Potential Pre-Setting Dessert Revenue</b>			\$68,190
<i>Revenue Opportunity</i>	<b>\$16,991</b>		
<i>Opportunity Percentage</i>	<b>33.19%</b>		
			

# Industry Revolution



# Do Guests Want Turndown?

<b>Turndown Acceptance Rate By Property Type</b>			
<b>Outcomes</b>	<b>Full Service</b>	<b>Lifestyle</b>	<b>Luxury</b>
There was a Do Not Disturb Sign on the door and turndown service was NOT provided	12%	17%	8%
The room was empty and turndown service was provided whether or not the guest wanted the service (Occupied Room)	29%	33%	44%
The room was empty and turndown service was provided whether or not the guest wanted the service (Vacant Room)	n/a	n/a	23%
The guest was in the room and refuses and turndown service was NOT provided	53%	44%	20%
The guest was in the room and accepted or asked for the service later and turndown service was provided	6%	6%	5%



## Turndown Cost Example

Rooms	390
Labor Cost	\$543,756
Other Associated Expenses*	\$273,341
Total Cost	\$817,097
<b><i>POR Cost</i></b>	<b><i>\$9.28</i></b>

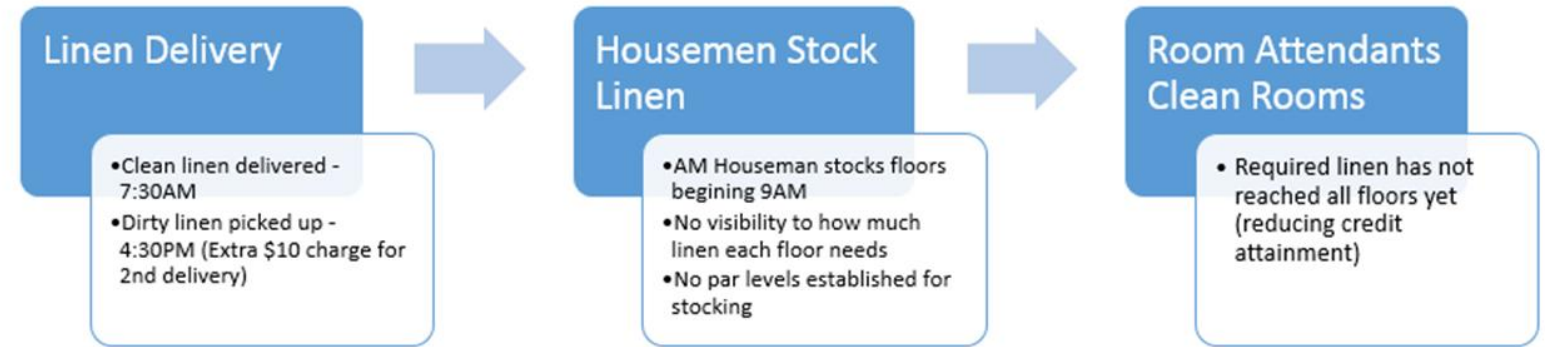
\*Other expenses include linen, guest supplies, and water.

# Linen Process Realignment

## *Journey of a Towel*



### **Existing:**



### **Recommended:**



# Unbalanced Scorecard

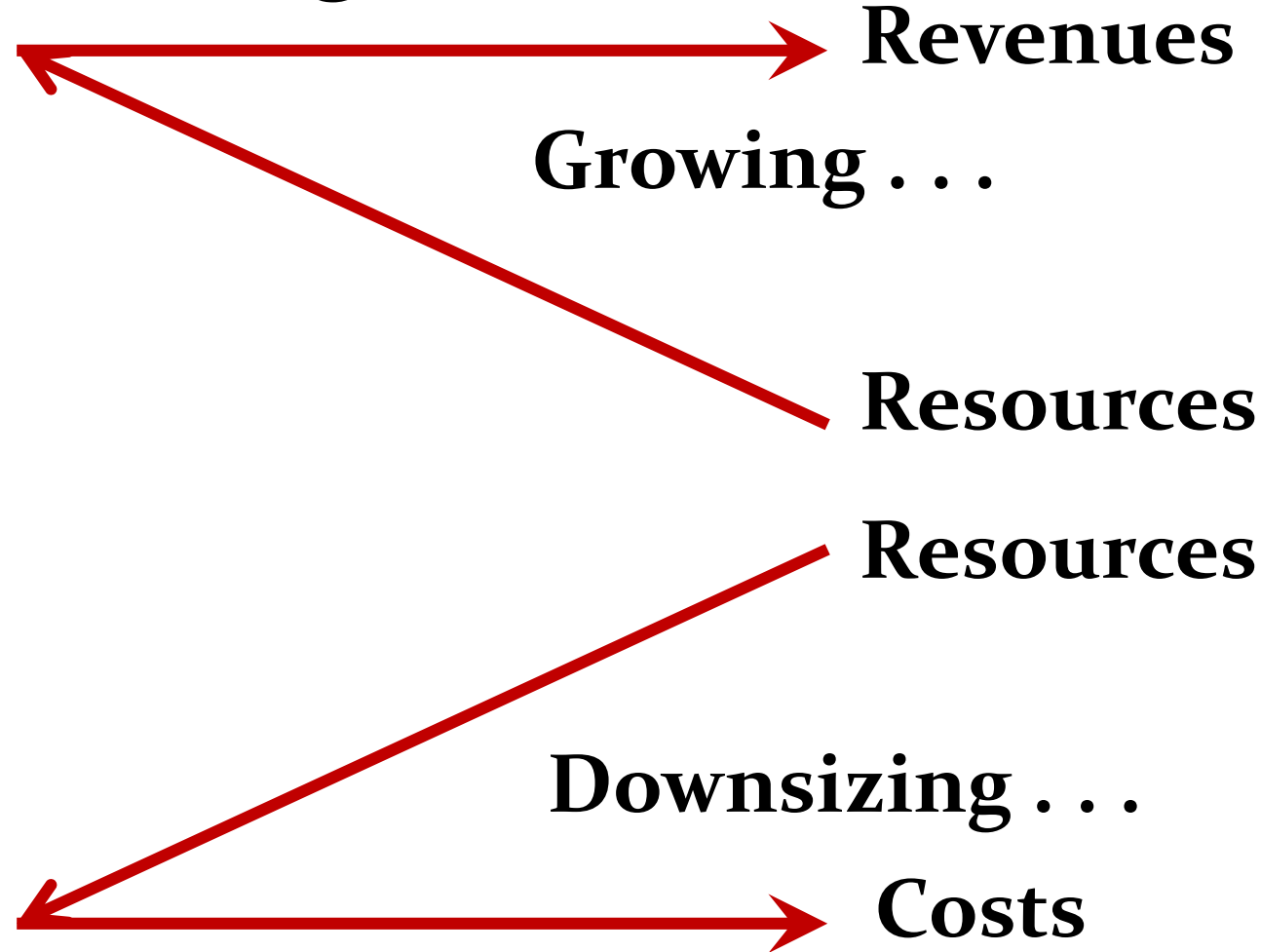
**Value**

Buyer value is lifted by  
*raising*  
and  
*creating*  
elements that the industry  
has never offered.

Savings are made by  
*eliminating*  
and  
*reducing*  
the factors on which  
the industry competes.

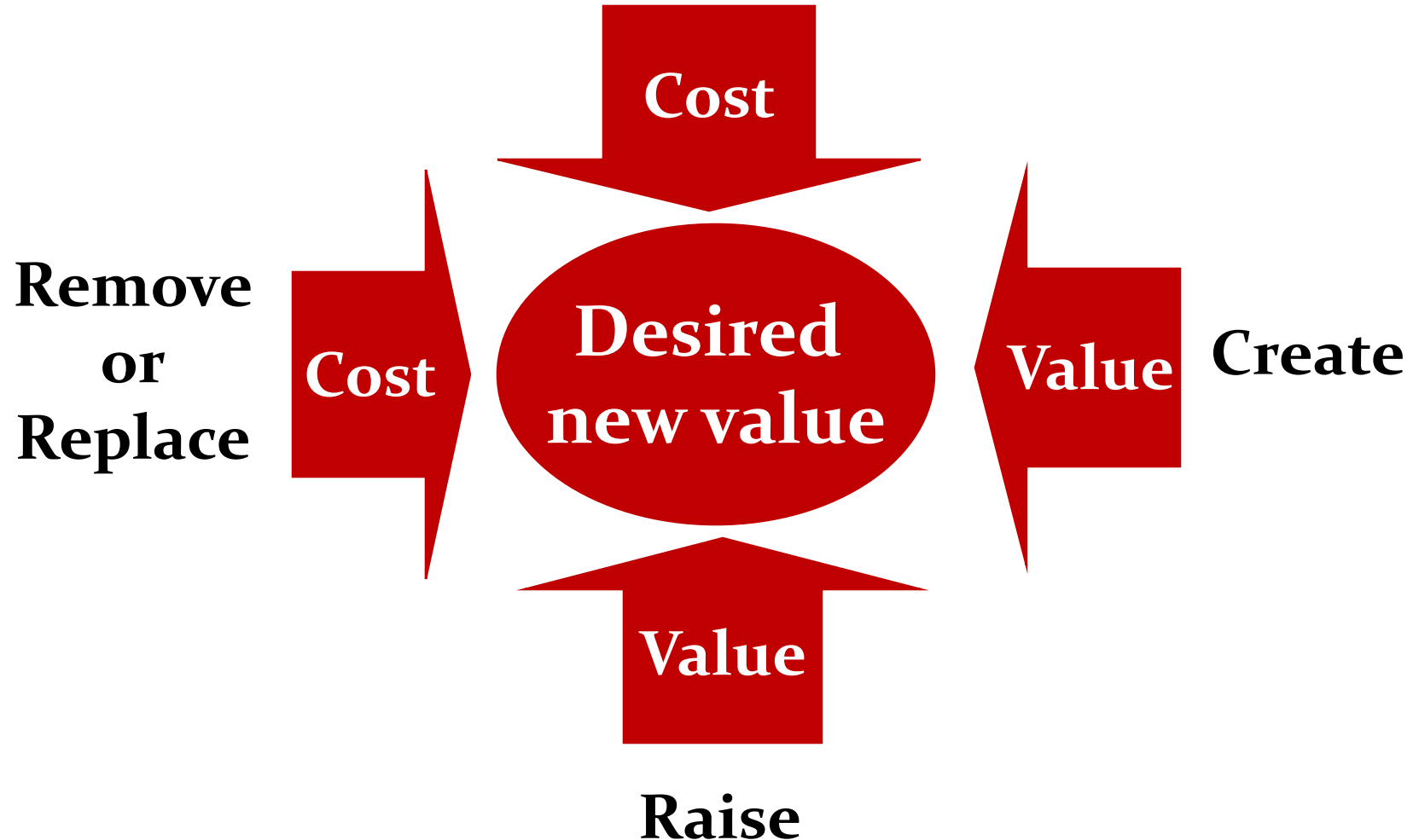
**Cost**

# Getting Blood from a Stone



# Cooking Sweet and Sour

## Reduce or Redesign





# Importance of the Labor Management System and Proper Scheduling Tools

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- Taking advantage of technology is an important part of a successful labor management program, but effective labor management isn't just about buying the best time-and-attendance system or labor management software
- It requires a holistic management approach that ensures that you have the right people working when you need them and not working when you don't need them
- If you define metrics that are fair and transparent you will create not just the proper expectations but a confidence and understanding in the system that will lead to improved ownership and accountability
- Use it as a platform to improve scheduling behaviors, but more importantly to get strong and clear data that will allow managers to assess opportunities in their areas

**Installing a labor management software**

**1.8% Labor Cost Improvement**  
*Measured across 175 hotels*

**Optimizing labor management system standards**

**\$225 MM Labor Cost Improvement**  
*Measured across 35 hotels and through 5 years*

# Question & Answer Session