

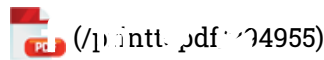


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Managing costs, guest satisfaction key to renovations

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With renovations, hoteliers are tasked with managing the rising costs of labor and materials as well as strategizing ways to limit any interruption of business or guest satisfaction.





Shown here is a renovated guestroom at the Equinox Golf & Spa Resort in Manchester, Vermont. (Photo: Equinox Golf & Spa Resort)

By Laura Koss-Feder
 (/Author/147221/Laura-Koss-Feder)
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REPORT FROM THE U.S.—There is no escaping renovations in the hospitality industry.

They will refresh properties and ultimately bring in more business. However, hoteliers need careful planning to take into account upward-creeping labor and material costs, and must have a strategy in place for ensuring guests aren't interrupted by the project.

Vikram Sood, SVP of operations at RAR Hospitality, said he's seen costs increase between 8% and 15% over the past two years.

"To justify this, you have to know what the renovations will result in, in terms of (return on investment)," he said.

To get a better price on materials and products during renovation projects, RAR (<https://www.rarhospitality.com/>) hired a procurement company that it trusts to help bid on vendors, he said.

Pre-construction planning with all parties is key to an effective renovation strategy, said Kevin Filer, SVP, design & construction, at Davidson Hotels & Resorts.

"Define the scope in detail with all stakeholders; missed scope items cause cost overruns and delays," he said.

This includes ensuring that the development team completes all research of existing space to uncover and/or confirm locations of plumbing, structural columns and other issues that might cause the proposed design to be altered during construction, which could result in delays or lower-quality product, Filer said.

The furniture, fixtures and equipment procurement process is also key to an effective renovation strategy. Getting all stakeholders to sign off on all FF&E items early enough in the preconstruction process will ensure the right timing for deliveries, sources said.

To help reduce costs when The Adolphus hotel in Dallas underwent a two-year, \$100-million renovation, it locked in purchases of materials in advance, said Brett Orlando, GM of the 407-room property.

The Adolphus (<http://www.adolphus.com/>)' renovation, completed in April 2018, included a transformed lobby, refurbished public spaces, new restaurant and bar concepts, the addition of a spa and pool deck and new stores.



Alexandra Zullo, director of sales and marketing at the 199-room Equinox Golf & Spa Resort in Manchester, Vermont, said the property chose to purchase some items such as carpeting in bulk to help reduce material costs. The hotel completed its \$8-million renovation in July 2018.

The renovation of the Equinox Golf & Spa Resort (<http://www.equinoxresort.com/>) included redesigned and refreshed guestrooms, restaurants and public spaces, as well as a soft renovation to the resort's 18,500 square feet of indoor and outdoor venue space. The resort sits on 1,300 acres, which meant there was plenty of room on property to store excess items.

Hotel owners rely on the management company and on-property team to develop an effective plan to mitigate the loss of business during a renovation, said Kathy Hood, SVP of sales and revenue management, at Davidson (<https://www.davidsonhotels.com/about/team>).

Create excitement, be transparent with guests

To keep guests informed and all team members on the same page about a renovation, it's important to create excitement and buzz around it and provide some education, Hood said. That will encourage guests to have an open mind about staying at a hotel that's undergoing a renovation, she said.

All hotel team members in key departments such as sales, events, revenue management, front desk, and food and beverage should have a similar script as it relates to the progress of the renovation and a vision of the finished product, she added.

"The property should be armed with model rooms, renderings, collateral and the website should showcase the future vision on the hotel," she said.

David Sangree, president of Hotel & Leisure Advisors, said renovations are typically done in segments to minimize disruption to guests. For example, one floor would be removed from a hotel's inventory and completely renovated at a time, or a restaurant would be renovated while another one is still open. The real challenge comes when a lobby is being renovated and guests have to walk through it, he said.

The Adolphus' renovations, for example, were done in five different stages, Orlando said. The hotel also added 20% more guest-facing employees during this time, he said. Construction would begin at 9 a.m. and end by 6 p.m. to minimize disturbance.

"We wanted to make sure that guests were not inconvenienced, could get to their rooms easily and were not bothered at night by any noise," he said.

To keep F&B fully functional and avoid loss of business, the Equinox moved its restaurant operations to another area on property while work was ongoing at any of its three restaurants, Zullo said.

Embassy Suites by Hilton requires that its hotels include information about ongoing renovations on their websites so that guests know what to expect, said Alan Roberts, global head of the brand. This kind of promotion also has its marketing advantages, he said.

At the Embassy Suites by Hilton Tysons Corner in Vienna, Virginia, in-room collateral materials told guests the story of the property's renovation as a "way to build excitement and show guests what the hotel will look like," Roberts said. There were photos displayed in the lobby as well.

The 270-room Biltmore Hotel in Coral Gables, Florida, offered rate specials during its slower summer months while it underwent a seven-month, \$30-million renovation that was finished at the end of 2018, Matthias Kammerer, the hotel's managing director, said.

"We were open, frank and honest with our customers and suppliers about the work going on at our hotel," he said. "We didn't want guests to be surprised if they did hear any noise."

