

HOTEL yearbook 2011

What to expect in the year ahead



Four Seasons CEO Kathleen Taylor
on the evolving concept of luxury

The post-crisis outlook in key markets:
20 exclusive situation reports from Horwath HTL

Best Western CEO David Kong describes the key issues
US hoteliers will have to tackle in 2011

The industry's most progressive approach to operations:
our interview with citizenM's Michael Levie

Plus ideas, expectations and insights for 2011
from the Chief Executives of 8 hotel groups

This excerpt from the Hotel Yearbook 2010 is brought to you by :



ECOLE HÔTELIÈRE DE LAUSANNE

The Ecole hôtelière de Lausanne (EHL) is the co-publisher of The Hotel Yearbook. As the oldest Hotel School in the world, EHL provides university education to students with talent and ambition, who are aiming for careers at the forefront of the international hospitality industry. Dedicated to preparing tomorrow's executives to the highest possible level, EHL regularly adapts the contents of its three academic programs to reflect the latest technologies and trends in the marketplace. Since its founding in 1893, the Ecole hôtelière de Lausanne has developed more than 25'000 executives for the hospitality industry, providing it today with an invaluable network of contacts for all the members of the EHL community. Some 1'800 students from over 90 different countries are currently enjoying the unique and enriching environment of the Ecole hôtelière de Lausanne.



HSYNDICATE

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



CORNELL UNIVERSITY SCHOOL OF HOTEL ADMINISTRATION

Founded in 1922, Cornell University's School of Hotel Administration was the first collegiate program in hospitality management. Today it is regarded as one of the world's leaders in its field. The school's highly talented and motivated students learn from 60 full-time faculty members – all experts in their chosen disciplines, and all dedicated to teaching, research and service. Learning takes place in state-of-the-art classrooms, in the on-campus Statler hotel, and in varied industry settings around the world. The result: a supremely accomplished alumni group-corporate executives and entrepreneurs who advance the industry and share their wisdom and experience with our students and faculty.



WATG

Over the course of the last six decades, WATG has become the world's leading design consultant for the hospitality industry. Having worked in 160 countries and territories across six continents, WATG has designed more great hotels and resorts than any other firm on the planet. Many of WATG's projects have become international landmarks, renowned not only for their design and sense of place but also for their bottom-line success.

USA : Recovery ahead

TO GET AN IDEA OF THE MOST SIGNIFICANT ISSUES CONFRONTING THE AMERICAN HOTEL INDUSTRY IN 2011, WE ASKED **DAVID KONG**, PRESIDENT AND CEO OF **BEST WESTERN INTERNATIONAL** TO SHARE HIS INSIGHTS WITH US. NOT ONLY DOES DAVID HEAD « THE WORLD'S LARGEST HOTEL CHAIN, » BUT ALSO, HAVING DEALT WITH A NUMBER OF INDUSTRY CONCERNS AND INITIATIVES AS THE CHAIRMAN 2010 OF THE **AMERICAN HOTEL & LODGING ASSOCIATION (AH&LA)**, WE THOUGHT : WHO WOULD BETTER HAVE A FINGER ON THE PULSE OF THE US LODGING INDUSTRY ? HEREWITH HIS THOUGHTS ON 2011.

When I was approached to write this « State of the US Industry » piece for the Hotel Yearbook 2011, I was pleased to be able to contribute at a time when the hospitality industry seems to have regained its footing. At Best Western and in the industry overall, leisure travel has bounced back and business travel is making steady gains. Rate integrity is slowly recovering, and a downward adjustment in hotel supply promises to normalize the market and pull ADR out of the canyon. A positive message, I felt, would be a great way to ring in the New Year for my colleagues in the industry.

So here it is : The hotel industry is very well positioned today, and things will be better in 2011 than in the past two years. Most American readers will be aware that President Obama signed the Travel Promotion Act into law in March 2010. Nations around the world will soon experience an enhanced effort by a public/private coalition to promote the United States as a world-class destination, to the benefit of businesses worldwide. The American hotel industry is committed to the steady and intelligent expansion of the Visa Waiver Program, so that tourists from more allied nations can visit the US with less hassle and expense.

In fact, having served in 2010 as Chairman of the American Hotel and Lodging Association, I can report that we've made great strides in several other areas. First, my colleague Robert Steele has done wonders to enhance the quality and offerings of the AH&LA Educational Institute. It's fair to say that under his leadership, the Institute is now embraced in the US by all major hotel brands as the foundation for continuing education in our industry. His leadership has enabled more online classes, introduced e-books and made the curriculum more relevant. That means a pool of increasingly skilled executives at the service of the global marketplace.

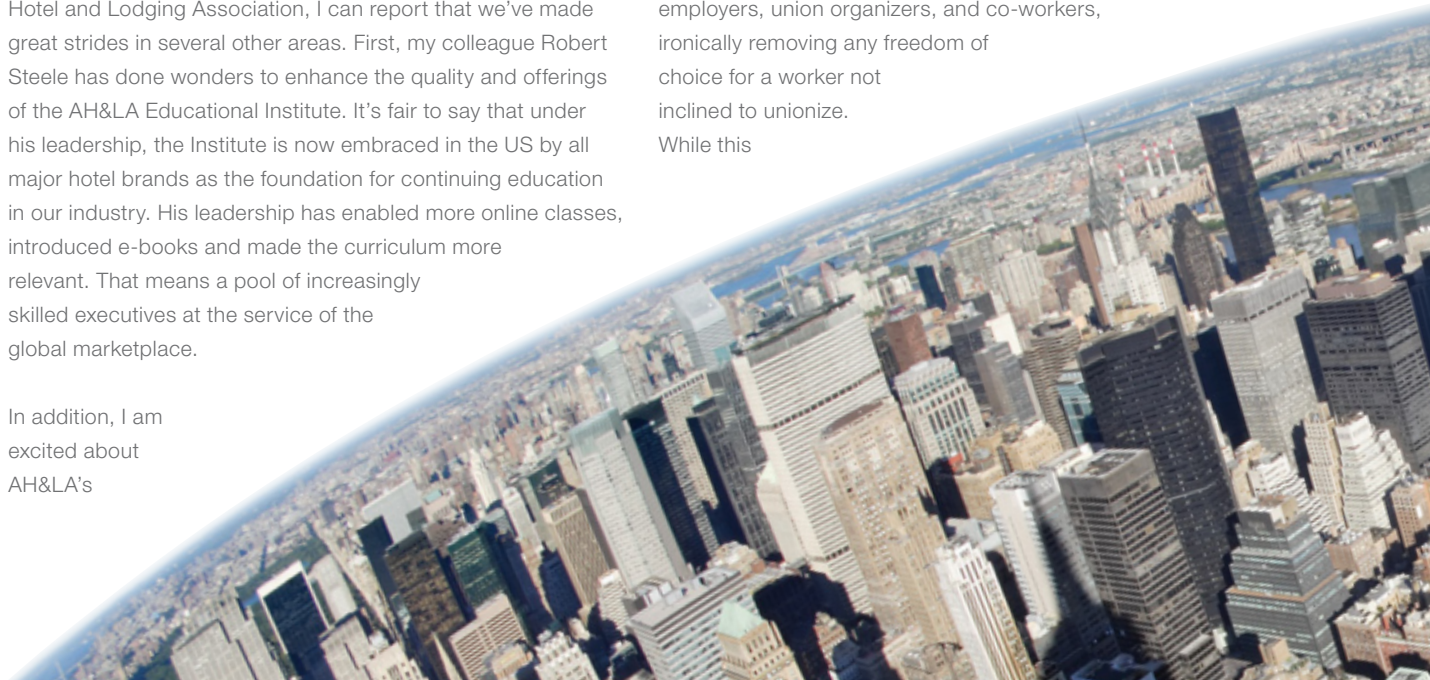
In addition, I am excited about AH&LA's

partnership with Green Key Global. Around the world, it's become a given that going green is the right thing to do and is also good for business. The AH&LA collaborated with the Hotel Association of Canada on a highly credible program that is now accepted by many, including AAA, as the US hotel industry green standard.

It feels good to deliver positive news, and I'm certain it feels good for you to read it. That said, challenges await. It will take more time to truly put this recession in the rear-view mirror, even if we manage to avoid the dreaded double dip. Hotels are still operating in an environment where credit is tight, governments are highly leveraged, and consumers are out of work.

When the macroeconomic landscape is this precarious, the door is open for reactive and populist legislation that poses a real threat to all businesses, including hotels. The deceptively named and misguided Employee Free Choice Act, or « Card Check, » is one such example. Though stalled, this pro-union measure is still alive on Capitol Hill as of the time I am writing these words in October, and would replace private ballots with a system that allows unions to organize if a majority of workers simply sign a card. Votes would be made public to employers, union organizers, and co-workers, ironically removing any freedom of choice for a worker not inclined to unionize.

While this



measure would affect all types of organizations, small businesses – and therefore many hotels – would be disproportionately impacted as unions rapidly penetrate their workforce. According to the American Hotel and Lodging Association, this legislation would cost hospitality businesses between 3 to 5 % of their revenue. This amount is significant ; hotel operators depend on narrow margins to stay open for business, let alone make a profit. This is unfair ; fairness, in this case, means allowing workers to vote in privacy, whether they are for or against unionization. No one stands to lose in upholding the just and longstanding tradition of secret ballot, except those who would seek to impose labor organization – at the expense of economic health and hotels’ ability to satisfy global travelers by investing sufficiently in service and product.

Card Check is especially concerning now because, starting in 2014, most Americans will be legally required to carry health insurance. Employers with more than 50 employees will be obligated to offer healthcare insurance coverage or pay a fine for every uninsured

employee. Small businesses with fewer than 50 workers will not face penalties if they do not provide insurance, but will be offered tax credits to assist in covering their employees. Whatever one’s opinion of the social merit of American healthcare reform, it is clear that it will have an impact on hotel operating budgets. Hoteliers at all levels must educate themselves and their employees, and ensure that any additional expenses do not detract from their service offering and the marketing of their hotels domestically and internationally. This is not the time to put additional strain on hotels – the driving engines of local economies and global tourism – by passing onerous bills based on flawed logic.

The hospitality industry has grown tremendously in the past several decades, and everyone reading this is a beneficiary of that growth. We must band together to protect a business that has been good to us. This, combined with reduced supply, increased liquidity, and recovering demand and ADR, will portend good times for hotels in 2011 and far beyond. ■

