

# Lodging Hospitality Honors

We celebrate the hotel industry's **Best**

**L**odging is an industry full of innovation—whether it's happening in human resources, marketing, development or design and décor. In this issue, Lodging Hospitality honors five companies for their outstanding examples of what's possible in hospitality.

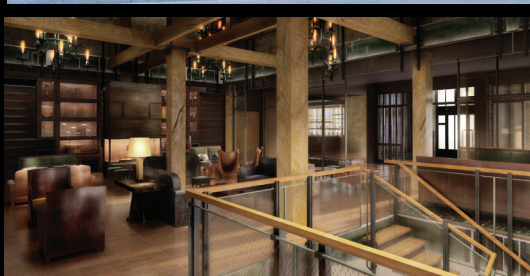
The honorees are as diverse as is the business they're in. Here's a preview of what is explored in-depth on the following pages:

- Even though the **Ritz-Carlton Kapalua** on Maui has been one of the chain's most successful properties, ownership and management decided not to rest on their laurels. The property recently completed an astonishing \$180-million top-to-bottom renovation that creates a strong sense of place.

- **Kimpton Hotels** is hip, relevant, forward thinking and successful. San Francisco-based Kimpton, the industry's first boutique hotel chain, built its business on high style, whimsy and superior service. Now it is championing initiatives such as green hotelkeeping and marketing to guests with alternative lifestyles.

- Miami-based Tecton is a full-service management company operating a variety of branded and independent hotels. In 2005, it launched **Desires Hotels**, a subsidiary that operates some of the most innovative and successful boutique properties in the business.

- Marketing prowess is evident in **Holiday Inns'** ad campaign in conjunction with Major League Baseball and **Courtyard by Marriott's** viral marketing efforts on behalf of its radical new look.



The Iron Horse Hotel in Milwaukee will be Desires' first property in the Midwest when it opens later this year.



## Managing Your Desires

**O**f course the three guys at the top will tell you the reason for their success is the company's values and their employees' belief in them. They'll tell you a happy and passionate employee is a highly loyal and motivated one. They'll tell you that's what makes their hotels so successful.

So you decide to put them to the test. A quick call to the Wave Hotel in Miami Beach, FL, Tecton Hospitality's first independent boutique property, and the person at the front desk answers on the second ring, with a cheery "Good morning, Wave Hotel," just as it's outlined in the red book, the company's book of cultural beliefs. But the employee is with a customer, his first priority understandably, so he asks permission to put you on hold. No big deal; you instead call the Hotel Astor, also located in Miami Beach, and after a pleasant and polite conversation with the front desk worker you end up speaking with Ana Maria Garciga, the property's Agent of Desires. She's like a concierge, in charge of keeping guests happy. She started at Hotel Astor as a front desk agent, then moved to The Strand Ocean Drive Hotel before coming back as Hotel Astor's Agent of Desires. She's been with Desires Hotels, the boutique division of Tecton Hospitality, for less than two years. She has no thoughts of leaving.

"The environment is different than a normal hotel," she says. "It's very family like, with the guests and employees. We remember the names of the guests



Tecton Hospitality partners Doug Carrillo, Richard Millard and Raul Leal formed Desires Hotels, a boutique division of their management company, in 2005.

and they love it. It's why people come back to Desires Hotels. I love it."

### BELIEVING IN US

That message, although not brought to you by Tecton partners Richard Millard, Raul Leal and Doug Carrillo, certainly could have been.

"The secret to everything in life is whom you surround yourself with," says Millard, Tecton's chairman and CEO. "How do you train people to be nice? We

## Tecton's focus on boutique properties paying off

By Eric Stoessel

don't. We hire nice people."

That Tecton Hospitality even has a book of cultural beliefs is probably the first clue the management company operates a little differently than most. The 30-page book, titled *US*, outlines the company's ideology.

Started in 1984, Tecton Hospitality blossomed under the leadership of Millard, who became the majority shareholder and president in 1995. Tecton, a preferred operator for Choice, Hilton, IHG, Marriott, Starwood and Wyndham, has five hotels in its portfolio and another five in the pipeline. But the company's focus has changed in recent years with the formation of Desires Hotels.

The division was born out of Tecton's initial success in managing the independent boutique Wave Hotel. That came in 2001 and was quickly followed by a contract—and even more success—with the San Juan Water & Beach Club Hotel in Puerto Rico.

"The product was there, but they didn't have it on the shelf," says Leal, Tecton's president, who has over 20 years experience in hotel management. "We saw owners that didn't have the infrastructure to make them profitable, and they had no culture."

Carrillo, senior vice president of sales and marketing, and Leal saw an opportunity to specialize in the niche business and began researching the idea. Since Tecton was located in Miami, a hotbed for boutique hotels, they didn't have far to go.

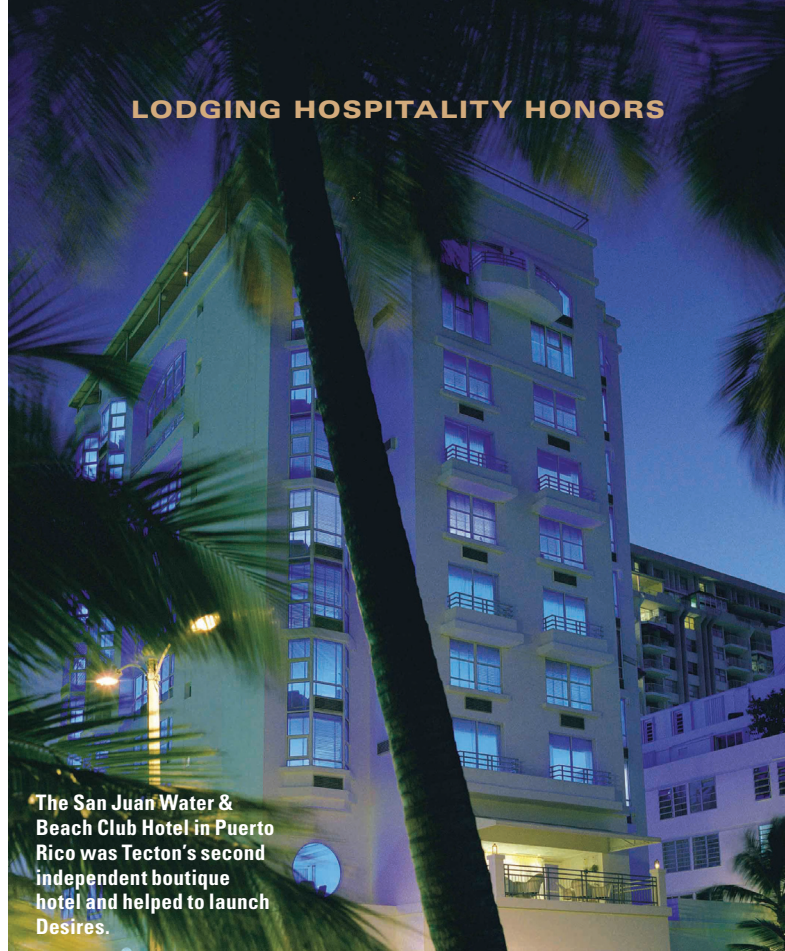
"What we're seeing is a number of people looking at these hotels and very few professional management organizations or brands that are really in this space," says Carrillo, also a 20-year veteran of the hospitality industry. "There's a lot of interest from venture capitalists that want to get into this."

Tecton added two more boutique properties in 2004 and began moving forward on plans for Desires, which officially debuted in 2005. Today the boutique division has 15 hotels open or under construction with another 10 in the pipeline. Three hotels will open in New York City next year and Milwaukee's first modern boutique hotel, the Iron Horse Hotel, will open this fall.

"The allure that attracts owners and developers to Desires Hotels is this vision, they've got a building, an idea ... whatever," Carrillo says. "They like the fact they can come to someone and not be pigeonholed into doing it a certain way."

At the same time, though, Desires benefits from the backing of Tecton. "These independent developers were trying to run their hotels, but they didn't have the resources so they were creating very well-designed hotels, but they couldn't drive a profit," Carrillo adds.

The first goal was to "increase value and profit for the ownership group" Carrillo says, and Desires was able to do that through its infrastructure, offering help with hu-



The San Juan Water & Beach Club Hotel in Puerto Rico was Tecton's second independent boutique hotel and helped to launch Desires.

man resources, sales and marketing, financial matters, accounting and whatever else was needed. But ownership always has the choice.

"We have a PR firm that promotes the collection, a creative agency," Carrillo says. "All hotels benefit from those resources, but they are not required to use those services."

## YOUR DESIRES

The latest initiative of Desires has been the customer loyalty program, Your Desires, which has evolved into customer relationship management and a cross-promotional tool. Your Desires began in 2004 as a way for repeat customers to personalize their service. Preferences would be remembered and specific pillows or snacks could be waiting in the room at check-in, for example.

By the end of this year, the program will extend from one Desires hotel to another, and through the Your Desires program guests will get special offers and promotions across the collection. It's not a branding, more a connection, a way for Desires to market the collection and reach a greater audience.

An online portal for travel agents and a global distribution system has recently been added and a consumer site will soon be introduced.

"In one sense we are operating and offering services like a franchise, but at the same time, we're not like that," says Carrillo. "It's really about putting the hotel's brand first. Being part of the Desires collection is an added benefit. It's the best of both worlds." **LH**