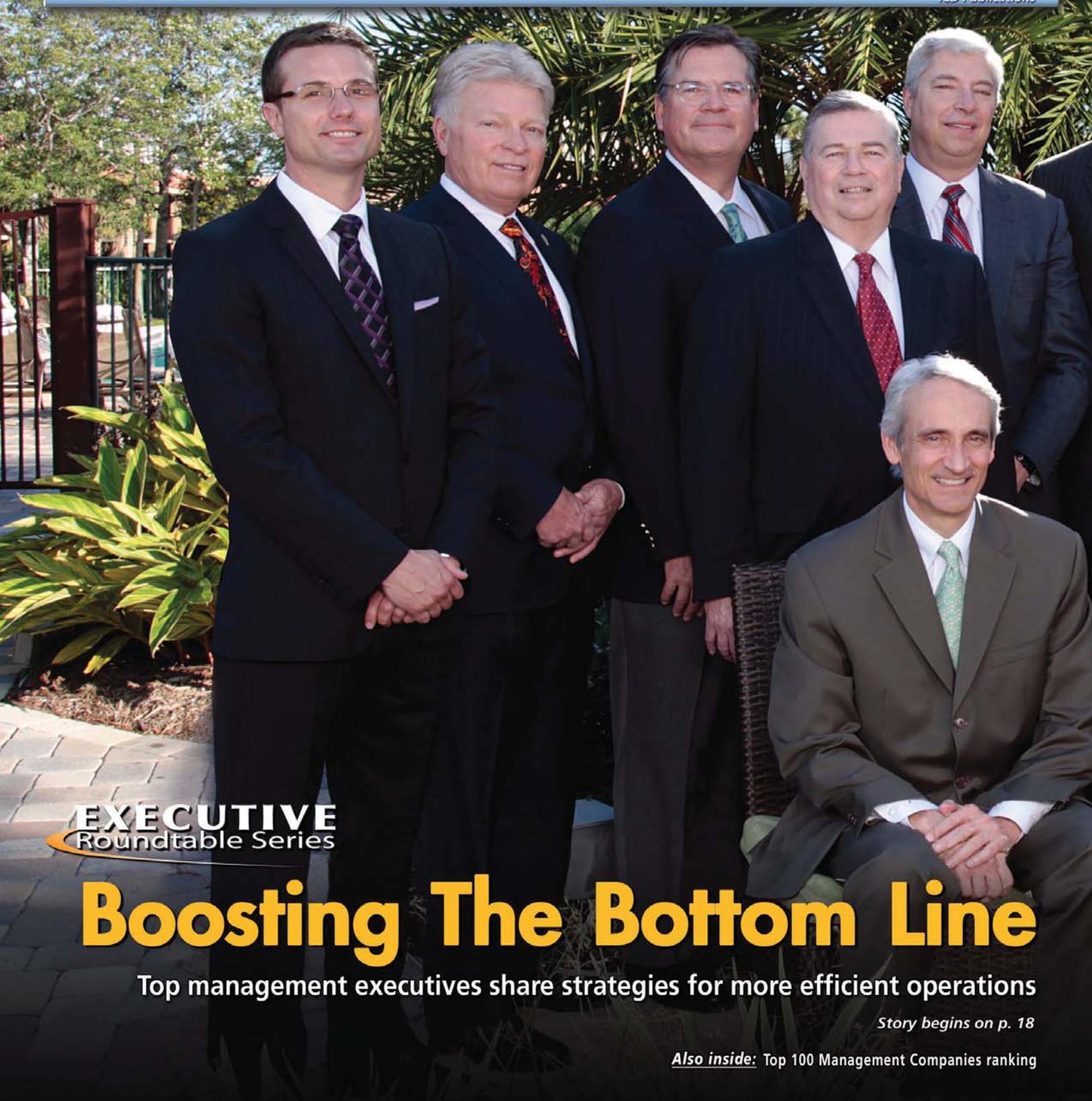


VOL. 21 NO. 6 APRIL 7, 2012

Hotel Business

THE NEWSPAPER FOR LODGING DECISION MAKERS

ICD Publications



EXECUTIVE
Roundtable Series

Boosting The Bottom Line

Top management executives share strategies for more efficient operations

Story begins on p. 18

Also inside: Top 100 Management Companies ranking

Table of Contents

Viewpoint 11
Sustainability 12
Calendar of Events 14
Vacation Ownership 54
Marketing Challenges 60

News
 Marriott Managers Conference 7
 Destination Hotels 7
 Hunter Conference 7
 Modus Hotels 8
 Auberge Resorts 8
 Hilton Riverside New Orleans 9
 Ataway Exchange 15
 Conrad New York 56

Management Companies
 Management Contracts 22
 Profiles 24

Tech Trends
 Mobile PMS 60

Food & Beverage
 In-room beverages 62
 Bull & Bear 66



Apparel
 Design Contest 68

On the Cover

EXECUTIVE Roundtable Series by Hotel Business®

(Seated, left to right): William (Bill) Fortier, Hilton Worldwide and Mark J. Kucera, Presidian Hotels and Resorts. (Standing, left to right): Michael Tall, Charlestowne Hotels; Lewis H. Wiens, True North Hotel Group, Inc.; R. Mark Woodworth, PKF Hospitality Research; John Pharr, Strand Development Co., LLC; Ben Seidel, Real Hospitality Group; James Carroll, Crestline Hotels & Resorts; Edward J. Rohling, Pillar Hotels & Resorts; Tim Walker, Island Hospitality Management; Rob Pallechi, DoubleTree by Hilton; Carlos Rodriguez, Driftwood Hospitality Management, LLC; and Joseph C. Moffa, Riley Hotel Group.

18

Modus adds branded product to lifestyle collection

By STEFANI C. O'CONNOR

WASHINGTON—Sometimes change is good. Just ask Aaron Katz, president of Modus Hotels. This time last year, Katz was heading Potomac Hospitality Services (PHS) but was looking to stretch the company. For the previous three years, he and SVP/Revenues Jerry Early had been bantering ideas about how to take the owner/operator of independent hotels to another level, and with the industry in recovery in 2011, decided to reinvent PHS as Modus Hotels, with the goal of adding branded product to the eclectic collection of lifestyle hotels.

In the year since making that move, Modus has: acquired two hotels here—Washington (now Avenue) Suites Georgetown and a Chase Suites hotel; now has a Comfort Suites in its portfolio; and most recently hired Mark Morris as EVP/acquisitions.

“From an operating standpoint, it’s been extraordinarily successful,” said Early, noting in the past 12 months “in most of our hotels we grew the RevPAR Index anywhere from 5%, and in some cases, 8% to 10%. We attribute a lot of that to our customers who are now recognizing that we have a portfolio. They’re not just dealing with one hotel, they’re dealing with a portfolio of high-end, boutique hotels. We really have taken our synergies to a much more desirable

level and it shows in our numbers.”

Both Katz and Early were executives at franchisors Choice Hotels International and Marriott International,

“What we’ve done is really create some cohesion, particularly from the guests’ perspective to enable them to understand that while these hotels are all independent and have their own unique personality, there is something that underlies each and that is they are all part of the same company that has the same way of doing business, the same focus on the experiential nature of travel and celebrating what’s local to the market,” said Katz. “People don’t tend to travel to hotels, they really travel to places and stay in hotels. So we always try to orient around a particular area or local market. That’s where the name Modus came from, short for *modus operandi*.”

Modus Hotels is a division of Cafritz Interests, a diversified real estate development company with a national profile and is led by entrepreneur Conrad Cafritz. Modus’ current portfolio has 10 independent hotels: seven in the Washington, DC, area, including The Quincy and The River Inn; the Colony South Hotel and Conference Center in Clinton, MD; and The Windsor Suites in Philadelphia, PA. The branded Comfort Suites is in Chicago, IL.

Modus also third-party manages three of the hotels and owns/operates the remainder.

continued on page 16



Modus acquired the Washington (now Avenue) Suites Georgetown in Washington, DC.

respectively, and while operating as PHS, said Katz, there was a lot of individuality in the hotels and everything was operating in a bit of a silo.

HB ON THE SCENE

Auberge Resorts looks to expand, enhance portfolio

By STEFANI C. O'CONNOR

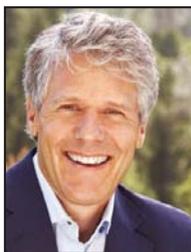
NEW YORK—With nearly a dozen eclectic hotels, resorts and residences that bear its brand, Auberge Resorts has set its sights on increasing the number of unique properties in its collection.

During a recent visit to Maison Relais & Chateaux, here, company executives and general managers from Auberge properties shared updates on plans for this year and beyond with HOTEL BUSINESS®.

According to Eric Calderon, COO of Auberge Resorts, over the past decade, the group has tripled the amount of ultra-luxury properties it has in its portfolio, with more currently under development.

“When I joined the company just under seven years ago we had three hotels, now we’re nearing 10; that’s quite an expansion, but it’s been organic. Now what we’re trying to do is spread our wings and we’ve enlisted some outside

help to basically grow the brand significantly over the next few years,” said Calderon, referring to opportunities in the United States and internationally with partnerships designed to help “grow Auberge to the next level.”

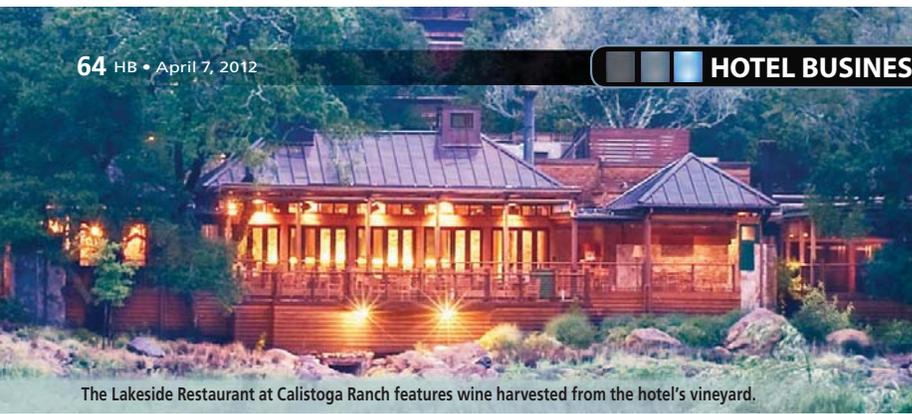


Left to right: Marl Harmon and Eric Calderon of Auberge Resorts.

“We have a very clear set of criteria for selecting new properties,” said CEO/Principal Mark Harmon. “Spectacular natural settings are a must; we focus exclusively on the best-in-class leisure destinations (wine country, ski, beach, golf) in North America and Europe; we like locations that are relatively easy to access; these properties must have potential for great dining, spa and gracious rooms or suites (preferably in cottage style); and, of course,

there should be a commitment to lasting quality in the design, construction or renovation of the resort. Above all, the strongest factor in where to go next for Auberge Resorts is the opportunity to create an exceptional guest experience.”

continued on page 64



The Lakeside Restaurant at Calistoga Ranch features wine harvested from the hotel's vineyard.



The spa at Esperanza in Cabo San Lucas is adding new programs and treatments this year.

Auberge Resorts

continued from page 8

Rather than concentrate on institutional investors or pension funds, Auberge is targeting high-net-worth families who ostensibly would have a deeper appreciation of the sophisticated brand beyond just return on investment.

"Our resorts are so unique that we like to find people who not only can afford to invest, but have a passion for excellence and the type of product that we deliver," said Calderon. "They know us, our properties, some of them know Mark personally—primarily from Aspen—and we've built some very strong relationships."

For instance, Auberge is planning an addition in the Dominican Republic. Casa Tropicalia is expected to be open by 2014.

"The Dominican Republic is a good example," said the COO. "Discussions started in Aspen and morphed to a 6,000-acre development."

According to Harmon, the Tropicalia development will include the beachfront Auberge Resort, as well as a Tom Doak golf course, luxury beachfront homes and a second larger luxury hotel. Casa Tropicalia will have approximately 45 beachfront suites, as well as just a handful of luxury villas, all designed by French designer Christian Liaigre. A spa will be set in a garden with outdoor pools and tree-house treatment rooms. Dining will be in an elevated, open-air restaurant and on the beach at a sand bar.

"Tropicalia is an extraordinary development in scope and concept," noted Harmon. "The Cisneros family has committed to develop their very expansive land

holdings at the mouth of Samana Bay, including nine miles of coastline with beautiful beaches and bays, a lake and rich mountainside lands, into a destination for generations to come. With such an amazing development and commitment to the highest quality guest and owner experience, it is the perfect place for an Auberge Resort."

The Caribbean resort will join Auberge's current collection, which includes: Auberge du Soleil, Calistoga Ranch and Solage Calistoga, all in Napa Valley, CA; Encantado, Santa Fe, NM; Esperanza, Cabo San Lucas, Mexico; The Inn at Palmetto Bluff, Bluffton, SC; Hotel Jerome, Aspen, CO; Auberge Residences at Element 52, Telluride, CO; and Auberge Residences at Mammoth, Mammoth Lakes, CA. There also are residential components at Esperanza, Calistoga Ranch, Palmetto Bluff and Rancho Santa Fe.

In addition, the company has under development Auberge Residences at The Aspen Club in Colorado. Auberge also got another boost to its portfolio in Aspen last November when it contracted to manage the historic Hotel Jerome, taking over from RockResorts. In addition, after a five-year hiatus Anthony (Tony) DiLucia returned to the property, reprising his role as general manager. DiLucia said the addition of Auberge has elevated the service level. "We are back up to a luxury hotel again," he said.

Renovation plans are slated to begin Aug. 1 at the property, which was built in 1889 and is listed on the National Register of Historic Places. "All the rooms will be remodeled, and there will be the addition of a spa, a new restaurant and some lobby features," said DiLucia.

Similarly, soft refurbishment programs are under way at Esperanza in Cabo San Lucas, particularly for the bar and restaurant areas, according to General Manager Marc Rodriguez. "We're also going to refresh some of our rooms, and we're rolling out some programs for our spa," he said. The property also is offering "experiences," such as spending an in-depth day or two with local artists or expert surfers or playing in a rock band. "We're hoping to bring new clients to Esperanza and for our guests who having been coming to the resort, to show them the best product we have," he added.

Offering experiences is a basic for Auberge, noted Connie Thornburg, general manager at Calistoga Ranch in Napa Valley, where her property has been producing its own wine from a two-acre vineyard planted with Cabernet grapes. "Our guests are interactive in the vineyard. We get them up, we harvest grapes before sunrise, we do stomping parties. We also do programs such as Art in the Vineyard," said Thornburg.

Although the recession left its impact even at the luxury level, Marty Wall, general manager at The Inn at Palmetto Bluff, said his property had a banner year. "We just came off our best year ever in 2011. Recognizing 2010 was a bad year for everyone, we grew in volume almost 40% year-over-year from '10 to '11 in occupancy. A lot of it was group. It was nice to see meetings coming back," he said.

Meeting guests' needs also is the spark behind Auberge's expansion efforts. "Our desire to expand is guest driven," said Harmon. "In so many ways, from producing financial returns to garnering more recognition than any other hotel

company of our size, creating an exceptional guest experience has been the key element of our success."

One demand the company is addressing is bringing the brand to cities. While urban resorts are not a forte for Auberge, the consideration is not off the table.

"We're known for romantic resort hideaways. We'd like to create some oases in urban centers, but they'd have to be the right places," said Calderon, citing two Manhattan hotels, The Lowell and Crosby Street Hotel, as examples of the type of property Auberge would target.

Harmon said the company is "actively looking at opportunities, from new-builds to renovations," in the cities of New York, Los Angeles, San Francisco, Miami and Chicago, London and Paris.

Richard Hill, general manager at Solage Calistoga, Auberge's less-expensive tier offering that launched in 2006, indicated Auberge also could increase its Solage Hotels & Resorts distribution in cities like San Francisco, Los Angeles and Austin, TX. "We're looking at a ski destination in Utah or Idaho and we're developing a property in Riviera Maya in Mexico," said Hill. "That's our five-year outlook." He added sites already have been selected in Austin and Riviera Maya.

Calderon said Auberge would like to double its size over the next several years. "Eighteen, 19 properties would be a nice goal for us," said the COO.

However, Harmon noted, the expansion will be a thoughtful process. "Long ago, I learned that growth for its own sake can lead to unfortunate results," he said. "So, we are disciplined in our analysis of deals and strategic in taking on opportunities that meet the Auberge standard." **HB**



A cottage interior at The Inn at Palmetto Bluff, which had its "best year ever" in 2011.



Solage Calistoga, which represents Auberge's less-expensive tier, may soon have company in urban locations.