

100 DAYS

To fight the recession

DAY
100



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What round are we in?

By HWN staff

On the final day of our 100 Days to Fight the Recession campaign, we would like to thank both readers and sponsors for all of your support. In March, when the HotelWorld Network launched the newsletter aiming to help hoteliers battle the downturn, we knew it was going to be a long, hard-fought battle. Nearly five months later, we went back to the same hoteliers who helped offer actionable tips and asked them to weigh in: "What round are we in?"

"This is not my father's recession, and therefore I'm not sure it is a twelve rounder. I feel more like Jack Johnson in a limitless fight for survival where the rounds just pass without an end in sight. We have reset our company to the current economy and are prepared for a long fight; all in preparation for the 'value-economy' of the future. What choice do we have? Until the government buys Starwood, Marriott and Hilton, our job choices and success are limited. We're all on the run looking for a bailout!"

Paul Heretakis, VP of Westar Architects, contributor on Day 71

"It is extremely difficult to speculate on what round of the fight we are in due to the lack of clarity in the market. Because of this, we are approaching every month like it is the first round of a long fight that has no foreseeable ending. With this attitude and approach, we are able

to manage this environment for the reality of what it is rather than manage to what it might be somewhere down the road. This attitude has been embraced from the corporate level down to the property level and is allowing us to continue to execute our game plan as a company."

Mark Crisci, EVP, investments and development for K Partners Hospitality Group, interviewed on Day 5

"What round? That depends on your company. For hotel operators and subsequent service providers looking at a horizon in 2011, the match is nearing the middle of round four. For investors and asset support services, such as franchise developers and renovation contractors, they will be active throughout 2010 in positioning for the comeback year; so they may be about to hear the bell for round six. Either way, all speculation is in agreement that at least the match is well underway, and it will take stamina to make it to round 12."

Allison Sansone, director of marketing and public relations for Apollo Hospitality Group, contributor on Day 27

"I'm no economist, but I have been in a couple of boxing tournaments. All I know is that no matter which round of the fight you are in, you always want to be the last man standing. A good fighter not only has to be able to throw good punches, he has to be able to take them as well. Resiliency in the face of adversity, the ability to come back and the tenacity to dig deep, especially when it hurts, is the true definition of a brand, or boxer, who has the capacity, and the will, to go the distance."

John Ludwig, CEO and founding partner of Push, interviewed on Days 31, 39, 42, 58, 66, 74, 79, 84, 88

"I believe we are in Round 4 of the fight—it's going to get worse before it gets better. Valuations will continue to do down

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and RevPAR will continue to decline. This cycle will be longer than expected. Round 8 will be the period when we will see opportunity to gain the most of what's been lost. Those who are sharp, understand the market and have the ability to take calculated risks will be rewarded. The 'Point Man' will be in a position to take advantage of the depressed economy and make significant returns. When we enter Round 12, the industry will exercise a 'herd mentality.' There will be market stability, proliferation of projects, greater confidence and 2-3 years of growth."

Round 1	Shock	2Q 2008
Round 2	Awe	3Q 2008
Round 3	Denial	4Q 2008
Round 4	Acceptance	2Q 2009
Round 5	Capitulation	4Q 2009
Round 6	Behavior modification	1Q 2010
Round 7	Buying Opportunities	2Q 2010
Round 8	Point Man	3Q 2010
Round 9	Credit market personality change	4Q 2010
Round 10	Sustained recovery	1Q 2011
Round 11	Profitability	3Q 2011
Round 12	Herd mentality	3Q 2012

John Campo, Jr., president of John T. Campo & Associates, contributor on Day 83

"Although there is a glimmer of hope on the horizon, we in the hospitality design industry are really just starting to warm up for the seventh round of this economic recession. I envision at least three more years or 'rounds' to go. Regarding renovation work, most hotel owners and asset managers have not been able to carve enough out of their existing capital expenditure budgets to fund desperately needed renovations. They are competing with not only rate on newer built projects, but also on

aesthetics. This creates a tough time for all—including hospitality design firms. We at *Kay Lang + Associates* are seasoned prizefighters and determined to go all the rounds. Fortunately, our firm is seeing more work from federal and city-funded projects. Thanks to favorable government intervention, civic redevelopment agencies are beginning to use various forms of stimulus money for ground-up construction or renovation work."

Kay Lang, president and CEO of Kay Lang + Associates, contributor on Day 33

"From a construction perspective, the hotel industry is still in the early rounds of a very challenging fight. An illiquid market, with very little conventional financing available, combined with soft market conditions and conservative guest spending patterns has hit new construction opportunities hard. The instability of suppliers, leveling of construction costs and volatility of the subcontractor market has also struck some staggering blows. In light of these challenges, owners and developers must be all the more cognizant of the general contractors they're working with, and make sure they have the strength, endurance, perseverance and spirit to see a project through to successful completion. It's a tough fight, but the strong will survive."

Clark Atkinson, VP of Shaw Construction, contributor on Day 72

"After the shock of the global collapse in financial markets, most major economies are staggering to stay on their feet like old prize fighters coming to the end of a hard bout. Some economies, like Britain and the U.S., are showing signs of finding the strength to see them through whilst others, such as many countries in the Euro Zone, are looking very shaky and may end up out for the count. Those in the hotel and other leisure sectors watch

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The HotelWorld Network staff signs off with a final episode of 100 Days video! Find it here: video.hotelworldnetwork.com



anxiously hoping that the ones they are betting on make it through, but no one can be sure that they won't be felled by an unexpected body blow."

Robin Tutty, partner, Field Fisher Waterhouse, contributor on Day 53

"We're definitely in the middle rounds, maybe even in between rounds, sitting on the stool in the corner getting prepared for the next one. As hotel operators and managers, it is up to us to be as much like Mickey Goldmill, the trainer that took Rocky Balboa to the top. It's our responsibility to motivate and encourage our teams to prepare them for the next round in the fight. We're in it for the duration of this fight, and even though we may be in the dull, plodding middle rounds, we've still got to be at the top of our game for each and every guest, and for each and every challenge that's being put in front of us."

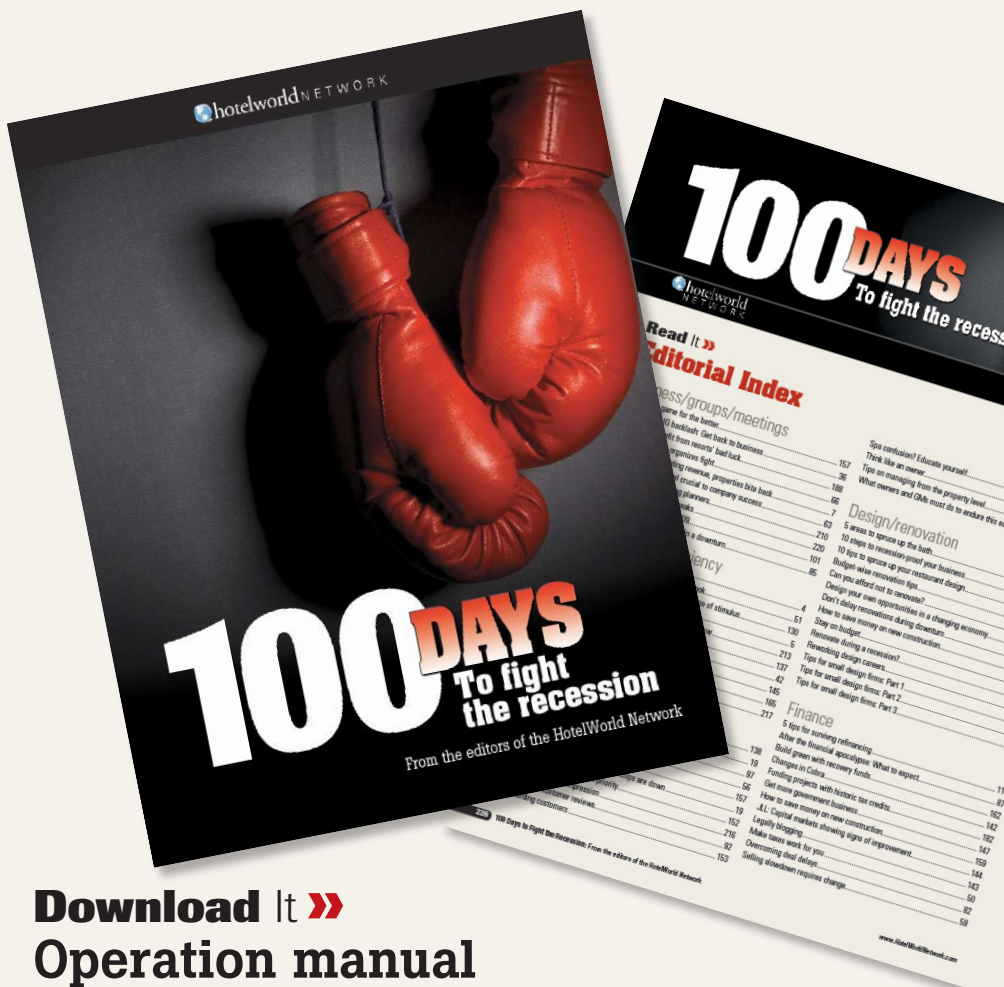
Rick McCue, VP, brand performance and support, Embassy Suites Hotels, contributor on Day 22

"Fifth round. This is not your normal recession. Unemployment will likely rise above 10 percent throughout most of next year. There is great uncertainty with the consumer afraid of losing his/her job and whatever home equity they had was squeezed out by falling home prices. The result is the person saves instead of spends. The consumer makes up 70 percent of the economy. Hospitality is high up in the food chain and is fed by the airlines. If there are reduced passenger miles, which there are, people are not flying, not staying at hotels, not renting cars, not going to restaurants, etc. This will have a devastating effect on business travel and one of our main markets."

Pamela Barnhill, division VP of InnSuites, interviewed on Day 65

"We're fighting the fourth or fifth round of the downturn. We will continue to see declines over the next eight to 12 months. Generally, it will be a much slower decline than what we've seen in the last nine months, but there will likely be a few more precipitous drops. As in most other real estate classes, the focal point for hotel transactions is emerging out of negotiations between borrower and lender. Lenders and servicers are increasingly showing flexibility in negotiating extensions for owners that are in trouble in the short term but have the requisite expertise to pull their properties through to profitability."

Jeff Davis, EVP, Jones Lang LaSalle Hotels, contributor on Day 65



Download It » Operation manual

Much of the 100 Days to Fight the Recession content is timeless. The tips and advice will continue to provide you with ideas for building your business for many years to come. The entire collection of newsletters is available to download in PDF form, indexed by subject to make searching easy. To get your copy, visit <http://www.hotelworldnetwork.com/operations/100-days-pdf>

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