

Handle management changes professionally

22 September 2011 8:43 AM
By Jason Q. Freed
News Editor -Americas
jfreed@HotelNewsNow.com

Story Highlights

On 28 August, owners of the former Edition Waikiki and owners of the former Fairmont Turnberry Isle in Miami each decided to go a different direction with management.

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REPORT FROM THE U.S. — In the recent wake of several high-profile hotel management changes, hoteliers stress the importance of a smooth transition from one management team to another, if for no other reason than the well-being of property-level staff.

On 28 August, owners of the former Edition Waikiki and owners of the former Fairmont Turnberry Isle in Miami each decided to go a different direction with management and violated management contracts to do so. Turnberry Associates, owners of the Miami property, chose a more low-key approach, while M Waikiki, owners of the Hawaii property, chose to go public with their disdain for the brand.

"August 28 was a hot Monday for both properties," said Scott Rohm, president of Turnberry Hotel Group. "Luckily for us the Waikiki ownership took more of an outward stance and drew more of a reaction."

Aqua Hotels & Resorts, now managing Modern Waikiki, declined comment for this article.

Regardless of the media attention management changes draw, hoteliers say changing management companies can be incredibly stressful for property-level employees and should be handled with the utmost care. Communication with line-level staff is crucial, and instilling a new company culture in a professional manner from the get-go is key.

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"If you go to Yahoo! or Google or Expedia, every company has a culture," said Rohm, who is overseeing the transformation from Fairmont Turnberry Isle to Turnberry Isle Miami. "The biggest part of the change when changing a brand or management company is that change of culture—explaining who you are as an organization. The staff has opportunity to hear that and decide if that's something that aligns with what they want to do."

To those not in the industry, switching management companies can seem like a rather routine process. But in reality it can be up to a year-long process that can leave many people without work and companies with hefty legal fees. Some management companies will bring in a task force—executives who will stay in the hotels anywhere from 30 to 90 days, to evaluate shortcomings and identify missing pieces.

Owners of the Woodmark Hotel near Seattle recently decided to end their

15-year run with MTM Luxury Lodging (now part of Benchmark Hospitality) and turned instead to Destination Hotels & Resorts for management. No violation of contract took place as contracts were up, but then-director of food-and-beverage Quentin Incao said the process was still traumatic for many involved.

"It is honestly probably one of the most stressful types of transitions I've ever been through because there is so much uncertainty," Incao said. "You're negotiating about a year out, or six months out, and everyone other than maybe the GM doesn't know that. You have to resell your abilities to ownership to get them to buy in again."

GM, HR, DOS first to go

Most hoteliers interviewed for this story said, when management-company transitions take place, it's likely that high-level property management will be turned over. GMs will almost always be replaced and directors of sales are next in line.

That's exactly what's happening at Turnberry Isle Miami. "The positions we've looked to bring in are GM, director of human resources and director of sales," Rohm said. "Luckily I've been in the industry for 30 years, had experience working at Ritz-Carlton, and I've built up a fair amount of contacts. We were able to reach out to people I knew or that other people at Turnberry had worked with in the past."

Incao said that practice forces GMs in the hotel industry to stay flexible throughout their career. "That's stereotyping, but it's the truth," he said. "One, you get bored and stagnant; two, you get fired; three, there's a management change; or four, you're hoping to build your résumé. With some rare exceptions, it seems as if it's three or four years and you're off to new opportunities."

New management, sources said, will look at their internal portfolio as well as the local community for new GM candidates. Moving a manager over from another hotel within the portfolio is valuable because it will help instill that company culture from the beginning.

At Richfield Hospitality, which has transitioned a handful of properties this year and most notably assumed management of the Tempo Miami earlier this month, a transition team is assigned to handle only these types of situations. The company has its own recruiting department because new management is such an ongoing need, and president Greg Mount said Richfield is continually filling in its "bench strength."

"It's really a process of identifying the right people for these roles," he said. "All of our key leaders in the organization will interview folks. I actually interview them all myself because that GM role is so critically important."

"In this day and age, there are a lot of good, talented people; it's just spending the time to identify them and when you do it makes all the difference in the world."

Line-level concerns

Sources emphasized the importance of communicating with line-level staff as early as possible and clearing up any confusion over the management switch.

"As soon as we get access to the employees our key leaders will go in and have meetings with the employees to introduce them to our organization," Mount said. "We set up lines of communication and talk to them about the on boarding process and set up a website where they can get questions answered."

Line-level staff members typically have the same two questions: 1) Do I have a job? 2) How will my benefits change?

For the most part, line-level staff will stay on and just the name on their paycheck will change. But assuring them of that is not as easy as it sounds.



4 tips for transition

1. Communicate with staff early and often about the transition.

2. Clearly establish the new management culture so employees can decide if it aligns with their personal values.

3. Share the new goals with the staff as soon as possible.

4. A switch that is handled professionally is a morale builder.

"It's unbelievably stressful when it comes down to the announcement. The company we've always known is not going to be here anymore," said Incao, who was formerly director of operations at MTM and now is director of operations for Hotel 1000 in Seattle. "The best you can do at that point is point out all the positives: 'The new company has 35 hotels and not 5 hotels. Now you can transfer anywhere in the country,'" he said.

Rohm said, at the line level, serving the customer stays the same but it's the culture and the leadership that makes the difference. At Turnberry Isle, eight "general sessions" were held for staff members to come in and hear from Rohm and the new GM on new goals for the hotel. There were no staff resignations beyond the few leadership positions that turned over and a few employees who were on work Visas.

Sources stressed there is only one way to handle a complex management switch: professionally.

"I can't really comment as to why someone would do it unprofessionally, although we know it happens," Incao said. "For the longevity of the hotel, it's in the owners' and customers' best interest that they don't see drastic changes.

"A professional switch is an incredible morale builder," he continued. "It puts the new company's foot forward and helps them establish who they are. 'We care about you and we're not just here to make money.' There's so much value in that because perception is reality."