

## The case: HOTEL RECEIVERSHIP

The year 2009 marked one of the most difficult periods in the hospitality industry during the economic downturn. During this time, the company called Southwind Hospitality was retained to manage several Florida hotels that had entered a distressed status due to occupancy and performance challenges. Southwind provides full-service hotel and resort management including marketing and public relations, hotel asset management, franchise requirements, hospitality training, operational analysis, and a variety of other services designed to maximize the return on your hotel investment.

These troubled limited and full service properties were in dire need of attention from a physical standpoint and a personnel perspective. Associate morale was low, guest service scores had plummeted and the hotels' overall perception in the community was poor due to inept management. Revenues for the hotels were also at an all-time low, and brand flags were in jeopardy of being pulled and the franchises revoked due to dismal performance.

At the lending institution's request, Southwind Hospitality stepped in to assume the role of receiver for these distressed hotels. President Gilles Ardit, an industry veteran with extensive experience as a hotel receiver for properties across several jurisdictions throughout the country, was well equipped to handle the role of managing the recovery process for the properties, while navigating the court system and complicated legal process involved in receivership scenarios.

### Response

Upon assuming the receivership role, Southwind hit the ground running with a dedicated management team, building a hotel staff with the skills necessary to achieve success for hotel associates, guests and ownership. Deploying market intelligence and business insights, the Southwind team provided business analysis, market condition examination, competitive research and identified areas where profitability could be increased most efficiently.

Committed to cultivating the most qualified talent, Southwind identified the need for a management change, promoted from within and grew associate skill sets to create an environment dedicated to providing the best guest experience possible, with foundational operating procedures developed to improve guest satisfaction.

Utilizing Southwind's management company resources, internal controls were established to reduce the cost of sales in food and beverage, bringing the hotels' food costs down by fourteen percent over the prior year.

Focused strongly on top-line revenues, Southwind carefully selected the right team members, realigned the sales department and developed market segments to streamline the client experience, set clear expectations for the sales team, increase sales productivity and bring down labour costs.

## Results

By stepping in to rescue these failing Florida hotels, Southwind's receivership process greatly improved their financial outlook and guest satisfaction scores.

- Revenue management enhanced revenue immediately by 10%
- Rate restructuring and repositioning of rooms increased revenue by 8%
- Sales and marketing efforts increased hotels visibility and reputation within the community and bookings increased immediately

As a result of Southwind Hospitality's successful recovery plan, the financial institution that had taken over the hotels was never solicited for additional funding, other than during the initial takeover period. Over the course of the receivership, real estate taxes were paid on-time, as well as the prior year's real estate taxes at all three hotels. Southwind ensured that all of the obligations and terms covered under the receiver's order were met, and they led a team of real estate brokers to the final phase of disposing of the assets on behalf of the lender, setting the hotels up for future success under new ownership.

<http://www.southwindhospitality.com/property-management-case-studies.html>