

STEP-BY-STEP: EASING A LODGING TRANSITION

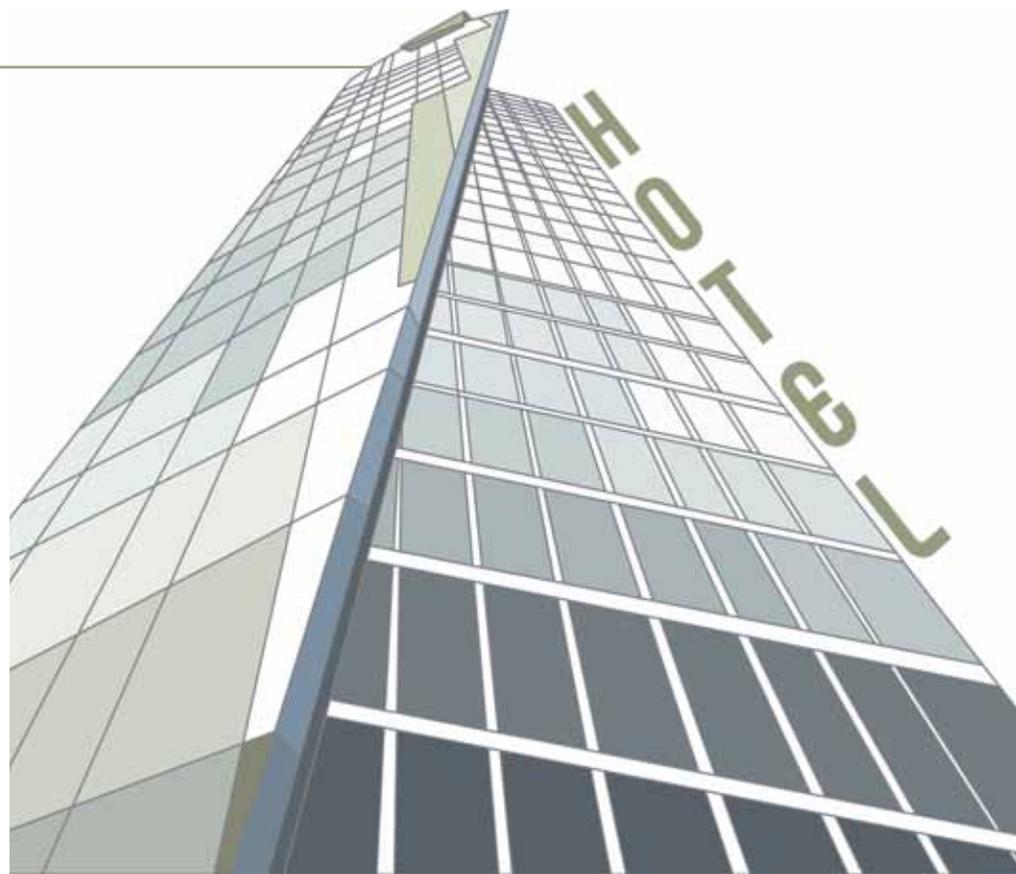
A collection of hotel transition checklists gathered by the HFTP Research Institute

By Tanya Venegas

Lodging properties are constantly changing hands whether it is a change in management company, change in ownership, or change in brand. As of the third quarter 2013, Lodging Econometrics indicated that 859 properties in the United States had changed hands via individual transactions, portfolio transactions or M&A property transfers (*Lodging Econometrics, 2013*). With all of these properties changing hands and brands, hotel executives need to know the best way to navigate the transitions.

In 2013, the HFTP Research Institute set out to collect sample hotel transition checklists from various hotel companies. These checklists come by many different names: hotel takeover, hotel transition, due diligence checklists and various other names. The name “hotel takeover” seems a little too harsh and does not exactly project a positive working environment, so for the purposes of this project the checklist will be referred to as a *Hotel Transition Checklist*.

This article will give a brief look at the information available. The checklists provided to the HFTP Research Institute have been analyzed and combined into a master checklist with over 20 different categories. These categories include: all departments;



accounting; administrative; banquets; catering; contracts and leases; engineering and maintenance; food and beverage; front office; garage; health, spa and pool; hotel asset information; hotel and operations issues; hotel sales, marketing and reservations; housekeeping; human resources; information technology; intellectual property; real property; security; and zoning and permits. The information was simply combined into like categories and reported as submitted.

At this point, four major companies have provided examples and the Research Institute welcomes additional examples. If your company has a checklist on file, please send it to HFTP@hrm.uh.edu. It will be examined and added to the existing working document. The complete checklist will be posted on the HFTP web site as a PDF and Excel file, and updates will be made as needed. You can simply download the document and adjust it to your needs. We also welcome any feedback you may have pertaining to this document or any future research suggestions.

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SAMPLE HOTEL TRANSITION CHECKLISTS

The following is a sample of the checklist collection the HFTP Research Institute has gathered. For the full collection, visit the Resources>HFTP Research Institute section of the HFTP web site.

All Departments

Personnel

Summarize the key details pertaining to the key executives and department heads:

- Outline positions held
- Length of service
- Experience
- General initial observations/impressions

Review staffing guidelines and labor productivity standards:

- Compare to industry benchmarks
- Compare to company benchmarks
- Determine if staffing levels are excessive or inadequate for business volume

Property Details

Identify property details:

- Location
- Address
- Contact Number
- Current Ownership/Management

Outline:

- Key historical events
- Renovations
- Awards
- Ratings

Catering

Attend BEO meeting

Conduct a competitive survey

Conduct banquet meeting

- Introduce new operations guidelines
- Surface any concerns

Review

- Major functions for the upcoming month
- Catering system
- Catering/banquet gratuity split
- Staffing levels for compliance with company standards
- Banquet equipment and make recommendations
- Audio/visual contract equipment and confirm with A/V vendor
- Inspect banquet storerooms

Contracts & Leases

Locate

- Equipment warranties
- Maintenance and service contracts and leases

Note any contracts or leases that are about to expire within the next 120 days

Prepare notification letter introducing Company

- Depending on terms of contract, define company position with a cancellation, re-bid or continuance letter

Review

- All contracts and leases
- Operating leases
- Maintenance contracts

Summarize contracts and leases

Banquets

Conduct a physical walkthrough of the banquet areas

Identify:

- Key features
- Space
- Capacity
- General condition

Outline areas that will require capital improvements

Review

- Key banqueting and catering financial performance and pace reports
- Identify key weaknesses versus budget and prior year performance

Engineering & Maintenance

■ Building systems inspection and maintenance records

■ Check inventory on all R&M supplies for the hotel

■ Compile deferred maintenance list and compare to engineering report

■ Conduct key control analysis

- Masters and other metal keys

■ Conduct survey of:

- Exterior signage and quality of sign maintenance vendor
- Off-site storage facilities and determine their necessity
- All hotel vehicles and determine their condition

■ Conduct uniform inventory for quantity and condition

■ Determine need for maintenance POA

■ Engineering Report (example: foundation of main building)

■ Enforcement actions

■ Hotel ADA review/survey (physical and operations)

■ Identify employees that are trained to maintain the in-house TV system

■ Introduce

- Company purchasing procedure
- Company Operations Guideline Manual

■ Review

- All systems
- Service contracts
- Emergency procedures
 - Modify to ensure compliance with Company Operations Guidelines
- Preventative maintenance programs
 - Rooms
 - Major equipment including kitchen(s)
- Any franchisor and/or company maintenance requirements
- Work order program
- Staffing levels for compliance with company standards
- Staffing assignments and expertise by employee
- Condition of engineering shop and related storerooms
- Interior and exterior landscaping
- Major maintenance issues
- Status of existing capital projects
- Fire/life safety

■ Secure all documentation

- Drawings
- Specifications from most recent renovation projects
- Most recent set of all architectural and systems drawings for the building (as built drawings are preferred)
- Copies of construction warranties
- OSHA compliance reports
- Maintenance reports

■ Tour property

Food & Beverage

■ Conduct area market and pricing survey

■ Conduct departmental meeting to introduce company operations and guidelines (i.e. kitchen, restaurant, etc.)

■ Coordinate review of food service operations

■ Develop a plan of action

- Food and beverage and finalize transition days
- Visit property on three occasions to review breakfast, lunch and dinner meal periods, and complete evaluation
- Review banquet operation while on-site

■ Guest Loyalty Program

- Evaluate complimentary guest programs
- Verify that guest loyalty members are receiving all benefits in accordance with brand standards

■ Interview F&B manager regarding current F&B programs, advertising and marketing plans

■ Inventory

- Conduct china/flatware inventory
- Conduct useable inventory
 - Food
 - Liquor
 - Beer
 - Wine
- Determine out of service items/dead stock
- Review inventories of key operating equipment and banquet furnishings to ensure supply and condition are in line with business needs
- Verify beverage dead stock
- Verify food dead stock

■ Mini-bar

- Conduct inventory of mini-bar supplies
- Review mini-bar security

■ Observe banquet, restaurant, bar and room service operations

■ Physical Inspection

- Conduct a physical inspection of all back of house areas
 - Cafeteria
 - Corridors
 - Kitchens
 - Refrigerators
 - Stewarding storerooms
- Identify logistical challenges and cleanliness issues that will need to be addressed

■ Review

- All menus for content and pricing
- Review all kitchen equipment
- Review F&B maintenance contracts
- Review restaurant equipment for condition, appearance and adherence to company standards
- Review staffing levels for compliance with company standards
- Review supply checklist
- Review uniform policy and conduct inventory
- Review vendors and SKUs

■ Review entertainment contracts and costs.

- Identify successful programs, strengths and weaknesses.

■ Review food and beverage outlets

- Financial performance
- Configuration
- Capacity
- Condition/cleanliness
- Identify key weaknesses and areas that require attention

■ Room Service

- Room service equipment for appearance and adherence to full service standards
- Room service tray pick-up procedure and insure compliance

■ Storeroom

- Review storeroom security and requisition procedures
- Review list of personnel with keys and access
- Storeroom requisition and withdrawal procedure

■ Technology

- Review point of sale system for equipment and functionality and version of software
- Assess information technology systems; POS
- Verify PCI compliance of POS

■ Verify all beverage employees have completed alcohol awareness training

Front Office

■ Conduct Front Office and Reservations meeting in conjunction with the sales task force

- Introduce company policies
- Surface any concerns

■ Evaluate

- Pet policies
- Reservation fact screen including web site, GDS, etc., to insure accuracy of information
- Shift checklists if available

■ Procedures

- Are guest room allowances and rebates approved by front office manager
- Check safety deposit box procedures
- Evaluate departmental concerns
- Order signature guarantee materials, plaque, cards and response cards
- Provide inventory and room-type plans for front office systems

■ Review

- Check in and check out procedures in accordance with company standards
- Emergency procedures
- Guest services log and second effort (CRM or equivalent)
- Out of order rooms
- Reservation call procedure to insure proper handling during and after normal business hours
- Reservations procedures in conjunction with the sales task force
- Security procedures to deter theft and robbery
- Staging strategies and cut-over responsibilities for conversion re: occupancy, logo and program supplies
- Supply checklist

■ Staffing

- Review staffing levels for compliance with company standards
- Finalize management, supervisory and hourly staffing plan
- Check the scheduling for the next four week period

■ Technology

- Assess information technology systems, POS, credit card and phone system

■ Verify rooms inventory

□ More Checklists

The HFTP Research Institute has a number of additional Hotel Transition checklists, which are available both as a PDF and Excel spreadsheets on the HFTP web site in the Resources>HFTP Research Institute section. Checklists are available for the following categories:

- All Departments
- Accounting
- Administrative
- Banquets
- Catering
- Contracts and Leases
- Engineering and Maintenance
- Food and Beverage
- Front Office
- Garage
- Health, Spa and Pool
- Hotel Asset Information
- Hotel and Operations Issues
- Hotel Sales, Marketing, and Reservations
- Housekeeping
- Human Resources
- Information Technology
- Intellectual Property
- Real Property
- Security
- Zoning and Permits

Share a Sample Checklist

If you use a transition checklist at your company, please consider sharing it with the HFTP Research Institute. Send your checklists via e-mail to: HFTP@hrm.uh.edu. ■

Source

- Lodging Econometrics. (2013). *Transaction Trend Charts: LE's Total Transactions and Property Transfers*. Retrieved January 8, 2014, from www.lodgingeconometrics.com.