

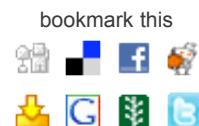

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Navigating Your Brand's P.I.P.

Here are some great ideas to help you plan your hotel's next renovation with ease.

Friday, August 28, 2009

Ms. Allison Sansone



Whether you think you can afford to renovate your property or not, the brand your hotel is affiliated with often makes that decision for you by requiring a P.I.P. (Property Improvement Plan). This is especially key in the process of acquisitions and brand conversions. The P.I.P. report you receive from the brand can be like the playbook, the launch pad or the view from the driver's seat - choose your own metaphor - for your franchise agreement. While each property condition is unique, here are some of the basic issues to better understand brand drive, strategies on waivers and the timing.



Brand Motivation

Overall, franchisees will face one of three factors that will trigger the P.I.P. from the brand: contractual terms, poorly performing quality scores or a conversion of a new acquisition. Keep in mind, if your hotel is a hot performer – positioned in a high profile market with strong occupancy – then you may be able to leverage that performance to get certain waivers approved.

Next, knowing what to expect in terms of timing is important. The required action items on your P.I.P. may have varying deadlines, so you will need to consider whether one strategy fits or if it is best to fulfill the capital improvements in multiple phases.

Most brands generate a P.I.P. report within about 30 days, including onsite inspection. Be warned: Brands typically charge a fee for the report. Analysis by your general contractor and submitting then receiving approval for waivers from your brand can potentially eat up three to five months before you can even begin choosing new sofa patterns.

While the scope of your final P.I.P. may be modest enough to press the 'go' button in as little as three months, decisions can take at least a month or more including brand approval. The average lead-time for case goods and other items then runs 16-18 weeks. Your renovation will need priority attention at least one year in advance of your brand's deadline to safely navigate around your peak season.

To Waive or Not to Waive

While it may seem like getting approval to defer P.I.P. items to later will save you money in the short term, going through the process of having work crews in your hotel and taking room revenue off line again next year may be counterproductive for your RevPAR goals.

Budget aside, other factors may carry greater strategic weight in phasing your project. Mike Cryan, CEO of Lighthouse Lodging Group, explains P.I.P. strategy on their recent acquisition of the 274-room Marriott in Napa, CA.

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“Now that we know the final scope and cost we are going to phase the renovation in a way that will best preserve the guest experience. By fast tracking the renovation of the rooms first during the upcoming slow season in November, we know we are improving an area that has an immediate impact on the guest,” Cryan says.

Lighthouse plans a second phase during the 2010 down season, but without the burden of losing revenue by pulling rooms out of service and without the strain on operations during high season.

Cryan continues, “It would be virtually impossible to protect the guest experience and minimize noise disruptions if the guest had to face those headaches in both their rooms and all public areas at the same time. Because the scope is so comprehensive, it will take at least six months to a year to get the public area improvements worked out between the brand and the design team, so phasing it works both for us and for the guest.”

Value Engineering

In addition to considering waivers with respect to timing, you may be able to negotiate modifications to items on your P.I.P. This is why the process of navigating your P.I.P. is best co-piloted with your general contractor (GC). They will have a skillful eye to provide you a second opinion on the condition of critical items on your P.I.P. as you explore cost.

Better yet, find a GC with an interior design partner and you’ve got the power of value engineering to offset your scope as you prepare to submit for waivers.

Case in point, a fairly common P.I.P. item is a technology upgrade. When HD televisions were introduced, brand standards evolved. Many existing armoires were unable to accommodate the new size or configuration of the television screens. Aaron Plante, CEO of Apollo Hospitality Group and veteran hotel renovator, explains how a remedy unfolded.

“Owners were panicked at the prospect of replacing the case goods package, especially those having recently renovated. We were able to retrofit most cabinet styles by removing the top portion and preserving the base with a granite top. The cabinet enclosure was either waived or unnecessary with the slim design of the new televisions.”

Getting a GC involved won’t necessarily help you win any debates with your brand on the impact a particular P.I.P. item has upon the guest experience. However, find a source that exclusively works in hotels and chances are, they’ve dealt with your brand or already have alternative remedies in mind based on previous renovations.

Whatever the timing or scope of your project, there is one ROI that all three parties can agree upon when aiming for the fulfillment of the P.I.P.: the improvement of the guest experience.

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Strategy

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Bio: Allison Sansone is an industry veteran with experience in both field operations and at the corporate level over the course of the past 15 years. She has worked with leading franchised brands at ACCOR North America and Windsor Capital Group. She currently manages marketing and business development for Apollo Hospitality Group, a turnkey hotel renovation company based in Southern California. She can be reached at: 714.494.2324/allisonsansone@apollohg.com [more](#)