

## Opinions

# Five ‘PIP-falls’ asset managers ensure owners avoid

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For hotel owners, the benefits of working with asset-management experts include smooth navigation of the problems that can arise when implementing new brand requirements at their properties.



By Emily Wilson

All hotel owners are bound to be involved in a PIP (property-improvement plan) at some point in their career.

Some may think executing on the PIP is as simple as checking items off a list, but asset managers know better. Smart owners will surround themselves with an experienced team, including asset management, project management, design, architectural and purchasing expertise, to help them achieve the highest return on investment when implementing brand-required changes.

To ensure you make it through the process as painlessly as possible, here are just a few “PIP-falls” that asset managers work to avoid—and you should, too.

### 1. Failure to negotiate

Don’t assume that the first draft of a PIP document is final. Review each item required by the brand and determine what makes sense for your hotel and market. Negotiate with the brand to modify scope, request waivers or increase the timeline required for completion.

The same approach applies when selecting your team. Don’t take each proposal at face value, but also be sure that you are comparing similar scopes of work so fee structures truly are apples-to-apples. Consider including a “design to” number in the design scope, such that if the design delivered does not fit into your agreed upon budget, any redesign work must be done at the designer’s cost.

When possible, avoid being the “guinea pig” for new brand designs. Let someone else figure out the kinks on their dollar, not yours.

### 2. Failure to involve QA

It would be logical for the writer of the PIP to communicate with the brand quality assurance (QA) inspector monitoring completion of said PIP, but alas, that is not always the case. In many situations, asset managers act as the link between brand team members to ensure full communication and collaboration between the two governing departments and their documents.

Are you unclear about how a PIP item is worded or may be interpreted? Ask both the PIP writer and QA inspector to weigh in and get it in writing. Ultimately, the QA inspector is the one who determines if the PIP is completed or not.

### 3. Failure to think outside the PIP box

The PIP should be your starting point when planning a renovation. Do not stick so closely to the PIP that you finish and say, “gosh, we really wish we had addressed this issue while we had the rooms offline.”

Make the most of your time and budget while you already are causing guest disruption. Comb through your GSS scores and online review comments to understand what your guests are requesting, and talk to your operating team. Look for new ways to add value to the asset through renovation.

For example, the free breakfast was a real pain point for a heavy leisure hotel in Orlando—always congested, not enough seating, constantly having to refill the offerings. As part of the PIP renovation, the entire lobby area was reconfigured to expand the breakfast area seating and provide a two-sided buffet. Instead of causing constant issues, breakfast is now a key selling point, positively impacting guest satisfaction and operational issues. At the same time, the gift shop was expanded to allow additional merchandising opportunities, and a liquor license was obtained. If the sundry shop had simply been renovated to PIP standards, a significant opportunity for increased spend and profit would have been overlooked.

### 4. Failure to address the details

While it’s important to think strategically when planning your PIP, make sure someone is on top of the details as well. Does your PIP call for refinishing the doors, but the door frames aren’t in the scope? You may want to rethink that. Do what makes sense to get a finished look that lasts at the end of the project.



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Whose responsibility is it to remove and store the furniture? Is this labor cost and storage cost factored into the scope or will it be absorbed by the operation? Ensure you coordinate with the project manager to identify and address these types of details.

Budgets tend to increase faster than we can blink, but it's important not to lose sight of those smaller, ancillary costs. Ensure your overall budget includes allowances for freight, warehousing, attic stock and sales and use tax (if applicable) for all your FF&E.

#### **5. Failure to involve the property team**

If most of the renovation planning is occurring at the ownership or asset-management level, make sure you involve the general manager and key executive team members along the way. Obtain their input on both scope and design. They know best what guests are looking for, what works operationally and what materials may last longer than others. Additionally, timing and scheduling of projects requires close communication with, and input from, the operating team to minimize business interruption and mitigate guest complaints.

Don't fall victim to these costly and common mistakes. Surround yourself with the right team, including an asset manager and the hotel team, create proper communication channels, and be thoughtful about your overall plan.

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