

INDUSTRY INSIDER

Q&A with Brad Rahinsky Hotel Equities

By Gregg Wallis
Senior Editor

With the ongoing COVID-19 pandemic, hotel companies are working to mitigate effects on their business and employees. Brad Rahinsky, president/CEO, Hotel Equities (HE), shares how his company is navigating the crisis.

How is Hotel Equities working through the pandemic, both for your company and for your clients? Taking care of our people, guests and owners has always been our driving ethos. It's the very foundation of our culture, which we refer to as the three-legged stool. The same principles apply here, just a modified and enhanced focus based on the volatility and fluidity of the environment.

We are doing company-wide emails daily, and weekly or biweekly conference calls to ensure our associates are up to speed. Now, more than ever, clear, consistent and transparent communication is mission-critical.

We are deploying all the resources we can to care for our associates, guests and owners/investors, such as an Associate Assistance Fund; a hotline and a dedicated email address to report urgent needs for supplies or grocery delivery; and our corporate chaplain for 24/7 support, which has always been a part of Hotel Equities' offering, but he's never been busier.

We have set up a war room at headquarters for our executive team as we monitor forecasting, cash flow for our hotels, and ways we can stop the erosion and identify the small wins and opportunities that are out there now and to put the triggers in place that will help ensure we are first movers when stability comes back into the market.

We have great owners and have been overwhelmed by their associate- and guest-first approach throughout this crisis. Together, we'll both come out of this stronger in so many ways. We are fortunate to have senior leadership that has been through multiple cycles to lead and navigate others through this unprecedented event.

We are so blessed to have associates who are willing and wanting to work

around the clock with a "whatever it takes" attitude. They personify our HE Culture and I've never been more proud to be a part of this wonderful team.

We've worked with our owners to remove all minimum base fees to show our commitment and to let them know that we're in this with them.

We are in high-touch communication with all stakeholders: daily conference calls, owner communication verbally and electronically and relevant email blasts focused around what is important now regarding cash flows, our ability to hyper-flex staffing and knock down fixed and variable expenses.

We have rallied our partners for support and guidance and are passing reductions back to our owners. Being owners ourselves, we are feeling the same pain at our hotels.

We are holding a Hospitality Update and Work-Out call seminar with owners/partners. With our new JV partner, Virtua Partners, we are working with our owners to see if we can assist on any bridge/mezz funding or restructuring of their loans during these tough times.

How much of a lasting impact do you think this will have on the industry?

Similar to 9/11 or the [Great Recession], there are aspects of this crisis that will have long-term implications to our business. Unlike both of those events, the fundamentals prior to the virus were healthy and our ability to jolt the economy with a massive capital infusion three or four times of what was done in 2009/2010 should help to accelerate the rebound once erosion begins to subside and moderate stability begins to re-enter the economy.

What are your thoughts on the government stimulus package? As we are chatting today, the \$2T stimulus package has passed through the Senate and now awaits the House and President's ink. It can't happen fast enough. We appreciate the hard work that Chip [Rogers], the AHLA, Arne [Sorenson], Chris Nassetta and other leaders are doing to ensure the hotel community isn't overlooked when assistance is being handed out. As we saw after 9/11, the airline and cruise ship industries have very strong

special interest groups promoting their positions. We need to ensure the same holds true for the hotel community.

What have been the top three challenges from an operations standpoint? People, people, people... It always comes down to the people both in good times and bad—having to ask your work family to take cuts, getting on a call with an owner to tell them their property won't make debt service this month and we need to get on a call with the lender, or calling a wedding group to inform them that we can't accommodate their booking. It's the human element that makes our business so wonderful, but also so painful, when times like these arise.

We try to find the small wins so we can provide some positive news and encouragement when the situation presents itself. At a moment when 99.9% of the information coming across is negative, little wins can help carry the day.

What advice would you offer other operators? Leaders lead. Now more than ever, your leadership is crucial to

help overcome the challenges we face. And leadership doesn't require a title.

It is so important to over-communicate in this type of environment with all of your stakeholders. Be a good listener. Give the facts and provide your guidance based off of your expertise and experience. They want the facts supported with encouragement.

What one message do you want the hotel industry to hear? Keep swinging. Grab your peer group that you trust and have confidence in and bounce things around amongst the group. This is a "more-is-more" moment when it comes to idea sharing and collaboration to ensure you're looking at everything you can in terms of revenue opportunities, wealth preservation and cost controls.

During this time, how important is it to have an experienced third-party management company? Never more important. While this situation is different than any other we've experienced... as Warren Buffett said, "It's only when the tide goes out that you learn who has been swimming naked." **HB**

