



## Food For Thought

### Reprogramming Hotel Dining To Maximize Profits & Guest Satisfaction

#### Myth #1: It Is Reasonable To Expect Some Outlets Will Just Lose Money

We are firm believers that hotel restaurants should not lose money. Think about it...if a free standing restaurant was unprofitable, would you continue to operate it? Of course not! You would explore opportunities to improve performance and if all else failed you would close the doors. The same principle should hold true for hotel outlets. With all of the innovations and creative concepts available today, there is no reason why an unsuccessful outlet should be maintained just so it can continue to chip away at the departmental profitability (usually fueled by banquet sales). From a guest satisfaction standpoint, an outlet losing money is not likely pleasing anyone. Take the time to understand how each of the outlets contribute or detract from your F&B department's profitability picture. Identify those that are loss leaders and make adjustments accordingly.

#### Myth #2: Find & Replace Is a Prudent Strategy

While identifying unprofitable outlets is the first step, don't feel as though lackluster concepts need to be replaced immediately replaced, or at all for that matter. Be sure to consider your entire food and beverage program before implementing a new concept. In our experience, we have found that closing doors may open others. Study the highest and best use (HABU) of space, perhaps converting to retail, meeting space or addressing other facility needs that may generate a higher profit. Space is at a premium and should be programmed and utilized to maximize functionality and the bottom line.

#### Myth #3: Variety Is The Spice Of Life

This may be true on many counts, but when it comes to hotel dining, this philosophy is not recommended. Rather than trying to be all things to all guests, do your research and find out what your guests want. Pick a concept and follow it through. Guests are savvy diners. Rather than offering three half-baked concepts operating at lack-luster volume levels, likely creating internal competition, commit to a well-researched and executed concept to enhance the overall guest experience and profitability. Guests want to experience a sense of place. Go back to your mission statement. Does your concept complement your surroundings? Does it meet your guest profile? Is it a restaurant guests would patronize if operating outside of a hotel? If you answered yes, than keep going...you are on to something. Take a critical look at your outlets to identify opportunities to streamline operations and offer guests something that would attract them to stay in and dine. Compete against the market not yourself.

#### Myth #4: "The Three-Meal" Is A Concept

Sadly, this myth has become a reality at too many hotels across the country. Offering food service for all three meal periods – **good**. Offering this service within one restaurant, that, in an attempt to appeal to everyone, appeals to no one – **bad**. This type of outlet will be used at best as a last resort and only out of extreme cases of guest desperation – a quick bite for breakfast or a late night arrival...not exactly the volume needed to sustain a profitable operation. Again, picture your three-meal operating out in the marketplace. Does it work? If not, it may be time to re-strategize. Providing guests with options for all three meals is advisable but seek creative and profitable means of doing so. What do guests want in the morning? A good cup of coffee and a bagel doesn't require a fully-staffed kitchen. Don't be afraid to meet each meal period using different outlets (in-house or local, for that matter).

#### Myth #5: Mini Bars Are Here To Stay

Mini bar technology has come a long way, offering a wide range of products touting everything from electronic point of purchase and inventory sensors to high energy efficient ratings. While we are proponents of technological advancement in all areas benefiting the hospitality industry, we believe that in some cases there is yet another mini bar option proving successful in boosting food and beverage profits—*taking them out*. Don't be afraid to think outside of the box and break out of the paradigm. Are guests asking for this service? Does it cost more to maintain than it generates in profits? Test radical changes wisely, but you may be surprised to find that there are many services you think guests want and need, but in fact they may not.

CHM oversees more than \$300 million in annual food and beverage sales at properties currently in our asset management portfolio. We have extensive experience in food and beverage concepting, renovation and reprogramming for profitability. Call us today at 978.522.7000 or visit our website [www.chmhotel.com](http://www.chmhotel.com) to find out how we can help make sure you're not leaving profits on the table.

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Actions speak louder than words...and create more value, too.  
CHM is committed to adding value to the hotel investments we manage. We have compiled a sampling of case studies to highlight how, through collaboration, with ownership and management, our services translate into value. If you are interested in obtaining additional case studies or learning more about CHM's services or past successes in asset managing a particular property type, please contact us at [info@chmhotel.com](mailto:info@chmhotel.com) or 978.522.7000.

Property	Location	Category
Kim Regency Tower at Interstate, Downtown Chicago	Chicago, IL	Hotel/Resort/Spa/Convention/Property Redesign
Marriott Los Angeles Airport	Los Angeles, CA	Operational Enhancement
Marriott Transworld Hotel Beach, Resort	St. Thomas, U.S.V.I.	Operational Enhancement/Hotel Management
The Ritz Carlton Phoenix	Phoenix, AZ	Operational Enhancement/Hotel Management
Kim Regency Downtown, Resort & Spa	Miami Beach, FL	Operational Enhancement/Hotel Management
Kim Regency Millennium Plaza	Chicago, IL	Public Agency Initiative

CHM's Experience By Location  
Specializing in leading major market destinations.

CHM's experience is heavily leveraged in overseeing hotels operating in and around major U.S. market destinations. Click on the map to view our experience by region or [here](#) to view alphabetically by state.

Experience

VIEW PREVIOUS

The Palmer House Hilton  
Chicago, IL

PHOTOGRAPHS

PROPERTY AT A GLANCE  
Property: The Palmer House Hilton  
Location: Chicago, IL  
# of Rooms: 1,833  
Flooring Space (SF): 125,000 sq  
F&B outlets: 7  
Brand Profile: Private Equity Fund  
Assignment Status: Active

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CHM was retained by a private equity fund to provide hotel advisory services during the acquisition due diligence of the legendary 1,833-room Palmer House Hilton, ultimately resulting in a purchase that closed in August 2010. CHM played a key role in assisting ownership in negotiating the Management Agreement with Hilton and