

# Q&A with...

# WILL LOUGHRAN



## Richfield Hospitality

*Hotel Business* recently caught up with industry veteran Will Loughran, president of Denver-based management company Richfield Hospitality, part of Hong Kong-listed City e-Solutions Ltd., which is a subsidiary of City Developments Ltd., a real estate and hotel conglomerate with a market capitalization exceeding \$7 billion. With Richfield since 2011, Loughran previously served for 17 years with Marriott International and also led the revenue management discipline at Sage Hospitality.

—Stefani C. O'Connor

**HB** *Richfield Hospitality in second quarter made some key executive appointments, including naming Alan Baer CFO and Peter Nichols SVP/business development, culminating in May with your appointment as president. What was the vision behind this revamp?*

**WL** The vision was really very simple: We set out to find the best people in the industry to execute on a very aggressive five-year growth plan.

**HB** *Richfield expects to triple in size over the next five years. How?*

**WL** We have a three-pronged approach to that growth plan.

First, we'll seek out individual hotels for acquisition, either through our parent company or through other existing investment partners.

Second, we will grow by bringing portfolio opportunities exclusively to our existing investors. We recently proposed a 10-hotel portfolio to one of our partners.

Third, we are working with a few small to mid-range management companies whose portfolios match up well with ours. We're exploring the possibility of providing them with a viable way to exit the management business while offering stability and consistency for their hotels.

I feel confident that with these three approaches, we can easily reach the 60-hotel mark in the next five years.

**HB** *Richfield has made majority or sliver equity investments into the properties it manages. What are some of the determining factors that mark an opportunity as a good investment?*

**WL** In the past, we've done sliver and majority investment, as well as JV, and we continue to be open to all three options depending on the partner and the partner's aspirations. Typically, we invest in branded hotels or hotels ready for repositioning. We can operate in all markets, but for an investment, we currently are looking outside of the top 10 MSAs, primarily full-service, branded assets and resorts. With our partner, Sceptre Hospitality Resources [a reservations connectivity company], we have a good history of working with independent/boutique hotels.

**HB** *How would you characterize the company right now in how it's looking to shape its portfolio?*

**WL** Richfield will continue to operate resorts, full- and select-service hotels. I don't see that changing. I'd love to grow the select-service segment with a few marquee hotels in secondary markets. We'd also like to add a few more independent or boutique resorts and hotels.

I also envision some geographic expansion and anticipate that we'll add more hotels in the West and our home state of Colorado where we see

continued ADR and RevPAR growth into the future.

Several of our investors enjoy the returns found in the select-service hotel segment, so we will continue to identify those opportunities. While our buckets will remain the same, we'll probably shift share a bit. We are currently 85% full-service and resort hotels, and 15% select-service. We will grow to 25% select-service mix in the near future.

**HB** *Regarding the day-to-day, nuts-and-bolts of the business, what are the top three things your owners are asking Richfield to do?*

**WL** Our owners are expecting us to deliver superior top-line revenues and market-share results. They also are asking us to manage costs efficiently by serving as their advocate with the brand. We believe it is important to enhance the value of the asset by taking advantage of smart brand initiatives.

We have robust communication platforms, but each owner has his/her own preferences and priorities, and we find it is critically important to communicate in the way that best suits the owner. For example, we designed a mobile app where owners can review hotel performance 24/7 and look at data in any number of ways: monthly, annually, quarterly and everything in-between. Some owners love that level

of technology and access; others prefer to have documents emailed on a weekly basis. One size does not fit all when it comes to owner communications.

**HB** *What do you see as a distinct challenge for management companies today?*

**WL** There are extremely low barriers to entry in the hotel management field, so distinguishing yourself and delivering excellent results is more important than ever. We are proud of our operational performance and continue to focus on top-line, revenue-driven performance. The challenge today is in developing longer-term strategic partnerships with owners so that they have the opportunity to reap the benefits of a close and enduring partnership.

**HB** *Where do you see growth opportunity ahead?*

**WL** Geographically, I see great opportunities in the West... I see us growing through single-asset acquisitions and by partnering with investors looking for portfolio moves in which we will co-invest to manage. And finally, we are actively looking to acquire small to mid-size management companies that are interested in leaving the business. There's nothing aggressive or hostile in that strategy. We want to be an option for the right company, not a business disruptor. **HB**