



THE VALUE OF OWNER REPRESENTATION IN HOTEL EMERGENCY PREPAREDNESS

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A skilled owner representative helps protect a property owner's interests when preparing for inevitable emergency situations.

A well-executed and custom-crafted emergency preparedness plan is crucial for the protection of any hospitality asset during a natural disaster or other crisis emergency such as a pipe burst or a flash fire. The value in having an owner representative review and evaluate, tailor and document the emergency plan cannot be overstated. Typically, management companies and hotel operators are focused primarily on the protection of hotel guests and employees during an emergency, and rightly so. Oftentimes, however, they tend to overlook the protection of the real estate itself. A skilled owner representative will help to ensure that an owner's interests at the property level are not compromised by ensuring that a well-crafted property response plan is in place. An emergency response strategy should appropriately take into account all facets of the plan that go beyond the protection of guests and staff. A full-bodied emergency preparedness plan accounts for timely and organized crisis response, while also encompassing the asset's physical, operational, and reputational safeguards.

STRATEGIC ALIGNMENT ENSURES PLAN EFFICACY

Owner representatives play a pivotal role not only in creating a viable plan to protect a particular asset based upon its unique strengths and challenges, but also in ensuring buy-in and acceptance by the operator and the entirety of the hotel's staff. Without a detailed, customized response plan, even something as simple and common as a toilet overflow or broken sprinkler head can cost a property thousands of dollars in repairs and disruption, regardless of adequate insurance coverage. Many management companies and hotel teams feel they are more than prepared to handle these types of customary inconveniences, but in reality they often do not even know where the water shut off valves are located. Emergencies can and will happen at the most inopportune times, making quick, cohesive interaction and communication an absolute necessity in planning for an emergency scenario. **CONTINUED...**



Management companies often tend to pride themselves on their risk management policies which, in general, are fairly well-written. However, as stated above, such plans are typically focused on the protection of the guest and employees while often neglecting the asset itself. An owner rep will focus on expanding a property's response plan to further account for gaining acceptance and alignment that the expansion of emergency procedures, rather than their replacement, will include the physical asset as well. This buy-in is critical if proper execution is to be ensured. The owner representative is a master at marrying the goals of both into one concise plan.

WHY IS A COMPREHENSIVE PLAN SUCH A CRITICAL NECESSITY TODAY?

The Evolving Dynamics of Property Insurance Coverage

Assuming coverage is even available, insurance premiums have recently risen dramatically for a variety of reasons. Property and casualty firms are facing re-insurance pressures (i.e., the ability of an insurance company to mitigate their risk with secondary insurance), capacity in the market where many carriers have reduced the amount of risk they are willing to accept, and lastly, additional pressure from increased valuations of properties coupled with reconstruction expense. The cost of restoring a property has skyrocketed due to supply chain issues over the last few years.

As the frequency and severity of natural disasters has increased, from hurricanes in the Southeast to wildfires in the West and tornadoes across the Midwest (not to mention the impacts of flooding, freezing, hail, and drought), many insurance companies are not only reducing property coverages, but they are also concurrently raising costs that are resulting in owners opting for higher deductibles. These factors combine to drive up the cost of owning a hotel or resort, not only in Florida, Texas, Louisiana, and California, but in virtually every state in the country. In high-risk states, adequate insurance protection is further hindered by companies pulling out of those venues altogether, further driving up costs.

That said, having a robust emergency preparedness plan in place often generates a benefit that insurance companies truly value. Underwriters tend to favor property owners who have taken the time to put a strong response plan in place that reduces an insurer's risk. Having a plan ready for immediate implementation during a disaster will reduce the insurance company's exposure and, therefore, is likely to also reduce ownership's costs.

It's Too Late Once Disaster Has Struck

When a catastrophic event occurs, emergency response labor and expertise is often in high demand and difficult to find. The owner representative will assist in identifying and vetting first responders who make responding to your property top priority. It is imperative that at least two such responder firms are chosen with selection criteria that is based on proximity of manpower, supplies, equipment, and cost. Consideration should be given to whether the firm has its own labor or relies on side-of-the-road day laborers. Each firm should also get to know the hotel or resort in advance of a catastrophic event, and they should have a knowledgeable supervisor on the job. A capable owner rep will also ensure that the owner's insurance company has approved a responder's rates in advance.



Owner representation relies heavily on the experience gained through handling past crises, understanding the intricacies of dealing with the first responder companies in the midst of an emergency, and navigating through processes to ensure fast, seamless responses within hours, not weeks or months, following a major event. Additionally, by leveraging relationships forged through years of working with qualified service providers in the development and construction fields, a seasoned owner rep can save an owner considerable time and cost over the span of the recovery process.

It is clear that when disaster decides to strike, the value of the guidance provided by a skilled owner representation specialist can be of immeasurable value. By putting a property in a strong position to weather the storm (figuratively and literally) or another emergency, hotel and resort owners can rest a little easier knowing a robust plan is in place, for not only staff and guests, but also for their real estate. Every plan should ensure that recovery time is minimized and the asset can be back in the business of generating revenues as quickly as possible.

The Plasencia Group is ready to partner with you as your Owner Representative on your hotel and resort properties. We offer decades of innovative experience in navigating the complex operations of hotels and resorts throughout North America and the Caribbean and in creating well-thought-out emergency response plans. Our skilled and experienced team welcomes the opportunity to discuss your hospitality asset needs and how our Owner Representation services can add an array of knowledge and techniques to broaden your current asset management repertoire.

Visit tpghotels.com/owner-representation for more detailed information about Owner Representation, as well as our full slate of services for the complete lifecycle of a hotel asset – from acquisition to disposition. To speak with one of our specialists to explore opportunities to enhance the value of your hospitality asset, please call us directly at (813) 932-1234 or email our CEO, Lou Plasencia.

About The Plasencia Group

In 1993, The Plasencia Group was formed to provide hotel and resort owners investment advisory services at a personal level. Thirty years and hundreds of engagements later, we still have the privilege of making our clients successful with the passion, access, and certainty they've come to expect. Our firm offers investment sales, owner representation, development and renovation management, debt and equity sourcing, and advisory services to hotel and resort owners throughout North America.

Contact us today if our experienced advisory team can assist you in evaluating your current portfolio and strategizing for the weeks and months ahead. We look forward to the opportunity to serve you.

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