

FLORIDA RESTAURANT & LODGING MAGAZINE

CEO

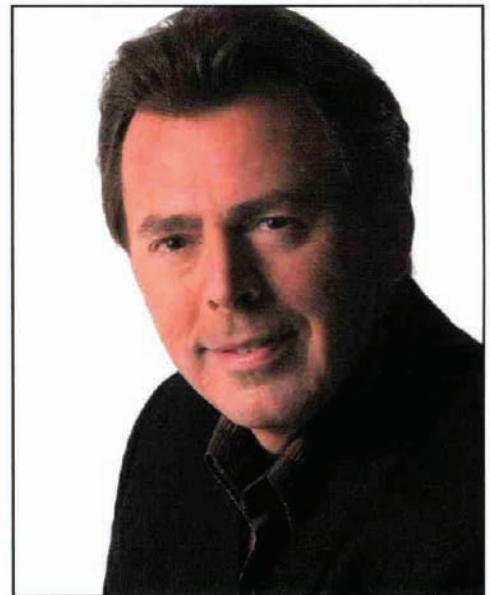
FLORIDA RESTAURANT & LODGING ASSOCIATION

forecast



Richard C. Kessler The Kessler Collection

Richard C. Kessler is a visionary, entrepreneur, astute businessman and philanthropist. During his 37 years in the field of hotel development and operations including nine as President and Chairman of Days Inn of America and 23 as President and CEO of The Kessler Enterprise, Inc., Kessler has become a nationally recognized industry leader. Having served seven years on the Industry Advisory Council of the American Hotel and Motel Association, he has helped to develop outstanding hospitality practices nationwide. His hotel company today is known as The Kessler Collection, a portfolio of ten boutique three, four and five star quality properties located in Florida, Georgia, Colorado and New Mexico.



What changes has your business made as a result of the downturn in the economy?

We started to see price sensitivity and a decrease in occupancy about half way through 2008, which continued into 2009 and the first few months of 2010. The hospitality and restaurant industry experienced a high degree of volatility in 2009 and 2010 unlike any time in my 40 years in the business. This created challenges in revenue generation, expense control and flow-through of profitability throughout the industry.

Operationally, we had to eliminate positions and keep tight controls on our expenses. It was, at times, extremely unpleasant.

However the upside of a downturn is that it forces you to look at processes and efficiencies that are critical but that may otherwise be less of a focus in a strong economy. Many of our cuts and tough decisions were seamless to our guests and were ultimately improvements in how we operate.

There were other changes in the corporate and field structure. The first was a consolidation of our sales efforts from the property level to clusters of centrally located sales professionals. This enabled those sales managers to more easily cross sell our properties. This resulted in reduced overhead costs and increased sales volumes.

Secondly, we centralized our Information Technology support. This increased efficiency and communication resulting in reduced overhead and a higher quality of service to the properties.

The third and most drastic change was to affiliate with a hospitality franchise program. Each of our independent boutique hotels was the leader in their respected competitive sets, yet as owners and operators we were not satisfied with our results.

We determined that we needed more horsepower to extend our margins against our competitors

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and deliver improved financial results to our own bottom line. We elected to franchise with Marriott's newest concept: Autograph Collection. Bill Marriott and I announced the inclusion of seven of The Kessler Collection hotels into the Autograph Collection in January 2010. We completed the conversion of these seven properties in April.

The Autograph Collection enables The Kessler Collection properties to maintain their independent personality and to broaden our appeal and exposure. We are pleased with the results to date.

What is the single greatest factor in the success of your business?

Historically, there has been no greatest single factor in the success of our business, rather it is a combination of factors such as our attention to detail in both product and service quality, and integration of design, art and music in all that we do to create a unique guest experience,

The focus on the experience has allowed us to differentiate ourselves and we believe has resulted in higher room rates and occupancy as well as higher ancillary revenues versus others in our comp set.

What issue would you most like to see positively addressed by Florida's legislature?

Positive trends are evident in the lodging industry and there will be gradual positive movement for the balance of 2010 and into 2011 and 2012.

The connection between the lodging segment of the tourism industry as a generator of the tax base to construct facilities such as the recently completed Amway Events Center and planned Dr. Phillips Center for the Performing Arts in Orlando has never been more evident.

The impact of these types of facilities on the hotels and restaurants provide a stimulus for the local economies through destination tourism and enhances the lives of the residents and future generations of Floridians.

The importance of the corporate group and convention business and its associated food, beverage and catering business to Florida has never been more prominent than in the last two years.

We must continue to promote Florida as a meetings destination and support lodging and tourism as a vital component to Florida's economy and employment base.

The Kessler Collection prides itself on delivering a hospitality product in each community in which we are located that the local residents and lodging guests embrace, utilize and promote.

We strive to be the social center in a community that provides exceptional service, quality and a culture that guests and local residents enjoy. To create exuberant guests by offering inspiring places with spontaneous service has been a successful formula that we will continue to employ into 2011 and beyond.