

In my last four “issues” of One Man’s Opinion, I have posited five different types of leader (Mentor, Trainer, Partner, Controller, Dictator; see Archives, July 26, 2008) and written about a Mentor (see Archives, October 14, 2008), a Trainer (see Archives, December 29, 2008), and a Partner (see Archives, April __, 2009). I vowed to write a bit about each type, so I’m on to Controller. Here goes –

A “Controller”, simply put, might seek an opinion from others and might, even, show due regard and respect for those opinions, but, ultimately, he wants the final say in all matters. She wants – perhaps, even, needs – to be informed of all matters, big and small, and will not hesitate to micromanage a situation. This is true in circumstances where the matter itself may not be worthy of the attention of someone at her level.

The Controller may not insist on everyone following his personal style of doing things, and he is only reluctantly prepared to acknowledge that someone else’s style is as good. A Controller may well be engaged with subordinates on a personal level and probably does not decline to offer personal advice; the subordinate should be cautious about not following the personal advice offered. That likely will reverberate into the business setting.

The Controller likely trusts only a few people who are either peers or at approximately the same hierarchical position in the Company. Only those few people can communicate openly with the Controller, but they, too, need to be cautious about overstepping the line. Interestingly, the Controller who is not the ultimate corporate authority (the “boss”) is likely concerned about her own place in the corporate hierarchy and probably respects very few, if any, of her corporate seniors.

A Controller is not the person whom someone seeks to be a Mentor, though, possibly, a Controller who sees something of herself in a subordinate might be a very good Trainer. She is not a Partner under any circumstances.

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The hotel industry has not improved since I posted my last OMO (No. 8). We have seen corporate bankruptcy (Extended Stay America), one company’s massive CMBS default (Red Roof Inns), several foreclosures or “take backs” of prominent hotels (Loews’ Lake Las Vegas, W San Diego, W Scottsdale, Montelucia InterContinental Scottsdale, among others), disputes between Owners and Managers that have gotten ugly (Broadreach

Capital/Four Seasons; Turnberry/Fairmont; Miller Global/Marriott), an outright resort closure (Four Seasons Exuma), and a brand manager rejected in bankruptcy (Regent Bal Harbour). MGM has cleaned up its capital structure in order that it can complete and open City Center, adding some 3500 hotel rooms and untold numbers of unsold condominiums to a market already saturated with new, high-end hotel rooms (The Palazzo, Wynn Encore) and unsold condo units. The additional competition alone might bring it down. Gaming revenues have dropped in successive months in Las Vegas and Macau (which has its own new competition in the form of Melco's City of Dreams property), with Taiwan making recent news about legalizing gaming and the first of two mega-casino resorts opening in the next 6 to 9 months in Singapore. RevPars are declining everywhere across the United States, and even more so in Europe and the Middle East. There are few exceptions to the declining hotel performance figures around the world. There is no observable new credit, and there is paralysis in the workout world. Special servicers have no clear direction regarding the loans they oversee, and banks are capital-constrained to address the losses in their loan portfolios. I suspect that people a lot smarter than I am do not yet see the big silver lining in the cloud; I certainly don't.

There is a silver "thread", perhaps, and that is the dearth of new supply that will come on line in our industry through, I now suspect, 2012 or, possibly, 2013. As many experts are predicting that the hotel performance metrics will return to 2007 levels in or near 2014, that lack of supply is the only saving grace I currently see.

Four Corners Notes

Since my last OMO, North Carolina won the NCAA Men's Basketball Championship, its senior leadership has graduated (yes, they actually graduated), and four of its top players have been drafted to play in the NBA. All the commentators said (even the Hansbrough detractors) that the Carolina players all play with a solid knowledge of the fundamentals, having learned "how to play" at UNC. Perhaps the hotel industry can use the basic, fundamental principles of investing, owning, financing and operating as we move forward, shunning the too-clever and unusual-for-the-sake-of-being-different and off-beat notions and, certainly, even were it available, maximum leverage financing, as we put our houses in order.