



Management Services – 2009 Summary Case Studies:

The Compass Hotel Walsall:

Compass Hotels were called in to take on the short term management of the former Quality Hotel Walsall following the demise of the Real Hotel Company in January 2009. The hotel was owned by a consortium of investors and the business was rescued from the Administrators in February 2009. Working for the investors, who were based in Denmark, Compass took on the day to day management of the hotel in the knowledge that the owners may choose to invest, sell or close the business.

On entering the agreement, Compass had to re-establish links with suppliers, as all credit terms had been cancelled through previous non payment of invoices, and links with sources of business as all internet channels had been closed off through non payment of commission invoices, thus rendering the hotel invisible. Compass opened credit accounts with a number of key suppliers and brought in a colleague to open links with the vital third party websites. Visibility was restored and business levels regained.

Regrettably, though years of under-investment the property could not be traded successfully and in the economic climate of 2009, with very difficult trading circumstances, the hotel closed shortly after the operator agreement with Compass came to a natural end.

The Scotch Corner Hotel and Leisure Club:

At the same time as taking on the management of the Walsall Hotel, Compass also took on the management of the Scotch Corner Hotel, a former Stop Inn property, again formerly operated by the Real Hotel Company. Compass had to establish supplier accounts and re-establish visibility on websites. In the 6 months Compass operated the hotel, and from a virtual standing start, occupancy climbed to 35.60% and net average room rate of £38.14. The agreement to operate this hotel terminated at the end of the contract period as the Owners of the hotel would not meet certain health and safety requirements laid down by the local fire authority. Compass was not prepared to compromise their integrity and so did not renew the agreement. A reference from Scotch Corner Operations Ltd is attached. I would add that the decision for a longer term operator to be selected by the owner was in part through Compass' decision not to renew their agreement through the owner's lack of commitment to capital investment in the property and in particular to meet legislative compliance issues.

During the contract period, Compass prepared a full business plan for the hotel to include three years of forecast profit and loss accounts, a competitor analysis, investment programme and Gap Analysis for membership of Best Western Hotels.

The Southcrest Hotel, Redditch:

Management of the Southcrest Hotel started at the same time as the Walsall and Scotch Corner properties. Another Stop Inn brand, it faced the same issues as the Scotch Corner Hotel. The property was in very poor condition and staff morale was low. Compass was recruited to boost staff morale and keep the business trading whilst a buyer was found. In the six months of operation, and again from a standing start, occupancy of 49.30% was achieved at a net average room rate of £28.52. Compass assisted the Owners' solicitors in the sale process and were retained by the new owners on a short term basis to advise them on operational matters and strategic projects. A reference from Redditch Operations Ltd and Southcrest Hotel Redditch Ltd is attached.

The Compass Hotel Loughborough:

The last of the four former Real Hotel properties to come on board in February was the former Quality Hotel Loughborough. Similar issues faced this hotel as with the others and a change in Directors and controlling interest in September 2009 brought extra pressures on the business. In the period of operation since February, Compass has achieved an occupancy of 44.80% and net average room rate of £36.64. Compass operated this hotel through to the end of January 2010, assisting the owners, an international investment company, with the sale process. A reference from Loughborough Operations Ltd is attached.

In each of the above four Real Hotel Company situations, staff morale was low and legislative compliance lacking. Compass sought to boost morale by improving communication with the General Managers and other staff and keeping them abreast of future developments. Legislative compliance was assessed and made good where necessary, supplier accounts opened and visibility regained through websites. The General Managers were tasked with running the hotel on a day to day basis and ensuring key controls were in place and adhered to. Whilst these were short term engagements, they are very demanding and require strong, decisive management to reinvigorate staff and start to rekindle the business. The references enclosed detail the satisfaction of the owning companies during the period of our agreement.