



2025 Student Competition

Case Study

Management Company Change Decision

Executive Summary:

Your team has been engaged to evaluate a management company change for a large (1200+ key) hotel. You have already issued a Request for Proposals (RFP) to seek hotel management companies capable of providing a full range of comprehensive management services for an existing convention center hotel. On behalf of your client, you invited submittals from qualified hotel operators that have proven experience in major market hotel management in North America. The hotel was originally completed in 1998 and the renovation and expansion were completed in 2013.

Now, the RFP responses have been sent to your team from the management companies and you will decide which management company to recommend. Using the given RFP responses (the criteria given to the responders is listed below), you will evaluate each company and determine the best overall outcome using the Objectives and Key Issues to Address listed below. It is important to consider each piece of the RFP responses – you wish to recommend to your client the most positive outcome financially as well as the company that will provide sustained results after the management change.

Details:

RFP Submission Criteria given to responders:

1. Hotel Operating Experience. Proposer's big-box hotel operating experience, including specifically:
 - a. a description of big-box hotels in North America which are operated by Proposer
2. Approach to Services. A description of the Proposer's standard approach to providing hotel management including, but not limited to, the following
 - a. Recommendation of a Brand for the Hotel
 - b. Discussion of the hotel market and the ability of the Operator to penetrate the meetings and group, business transient, and leisure segments of the market
 - c. Description of the approach to sales and marketing (including eMarketing and social media and whether handled on-property or regionally)
 - d. Description of the approach to food and beverage operations
 - e. Sample staffing plan, including an organizational chart of hotel staff
 - f. Description of the approach to FF&E purchasing/installation
 - g. Details on the company's approach to revenue management for similar hotels and whether handled on-property or regionally

3. Management Plan. Provide key elements of a management plan for the Hotel
4. Key Personnel Qualifications. Provide the experience and qualifications of the Proposer's management team and include the resumes outlining the experience, education, and performance record of individuals who would be instrumental in the management and operation of the Hotel.
2. Ten Year Pro-forma. Provide a ten-year pro-forma for the Hotel/Brand operating services with appropriate supporting assumptions.
3. Preliminary proposed management fee structure. Base and incentive, as well as all corporate/overhead fees/charges/assessments.
4. Key money contribution for a fifteen (15) and ten (10) year base management agreement.
5. Product improvement Plan. Provide a Product Improvement Plan with cost estimates and timelines to address any capital improvements required to meet brand standards as well as an anticipated Rooms and Meeting Space renovation.
6. OSE, Technology, Ramp Up costs, Transition Plan and Resources. Include all hard and soft costs for transition. Provide key assumptions of a transition plan as well as costs associated therein to be borne by Owner/Manager.

Objectives/Key issues to address:

In evaluating the RPFs, you should consider the following:

1. Experience and Qualifications: Performance and national stature of the firm and experience in managing major market convention center hotels.
2. Management Plan for the Hotel: Whether the Proposer has demonstrated the capability to operate and manage a first-class, high quality, state-of-the-art hotel consistent with the goals and objectives set forth in the RFP.
3. Management Team: Experience and qualifications of the Proposer's management team and the resumes outlining the experience, education, and performance record of said individuals
4. Management Fee Structure: understanding of all fees (base/incentive) and Brand related overhead charges/assessments. Quality and achievability of Pro Forma.
5. Key Money: management company's proposed investment for a 10/15-year base term management contract.
6. Proposed Brand: The relevance, viability, and ability for the Operator's proposed Brand to meet the demands of a Hotel in a Top 25 market.
7. Marketing Approach: Evaluation of the proposed brand and the client / guest profile. Demonstrated record and evidence of in-house booking, promotion and/or co-promotion capabilities and marketing, both national and international.
8. Product Improvement Plan: for all brand standards as well as Rooms and Meeting Space renovations including all hard and soft costs associated with a transition, OSE, technology, and ramp up plan.
9. Transition Plan: Timeline, cost, and communications plan.
10. Financial Stability and Capability: Demonstrated financial stability and capability of the Proposer.

Data sources provided:

The following standard reports are provided:

1. Three (3) RPF responses, one per brand
2. Three (3) pro-formas, one per brand
3. Three (3) Product Improvement Plans (PIPs), one per brand

Student Deliverables:

1. Executive Summary/Recommendation (1 page)

- a. In bullet point format, provide a concise description of the recommended solution, the potential benefits and risks of that solution, the financial impact, and the expected outcomes.

2. Financial Analysis (2 pages)

- a. Excel based summary of financial modeling for the recommended solution
 - i. A return analysis based on “most likely” scenario
 1. If a Product Improvement Plan or renovation will be required as part of the change, include the capex cost in the return analysis calculation
 - ii. Proforma Analysis- Give upside, base case, and downside to the three scenarios based on the three proformas that have been presented. Present “most likely” case scenario based on your analysis of the three.
- b. Summary table comparing each option and each of the factors evaluated

3. Situational Analysis (1 page)

- a. In a concise format (bullets or short paragraphs), explain the rationale and assumptions you used to create the proformas and return analysis. Describe why you are making this recommendation.
- b. Include any necessary renovations that will take place with management change (Product Improvement Plan if applicable)

4. Recommended Solution (1 page)

- a. In a concise format (bullets or short paragraphs), outline your recommendation for the best course of action (change management company, retain management company)
 - i. Contemplate timing of transition, if applicable
- b. Summarize the top 3 desired improvements resulting from the change
 - i. Examples – increased revenues/profitability, enhanced guest experience, inclusion in more brand loyalty programs/marketing, increased sales leads

5. Risk and Mitigation Strategies OR Alternative Scenario (teams choose one) (1 page)

- a. Bullet point format or short paragraphs identifying the risks or downsides of the proposed solution and how the risk could be managed or mitigated.

6. Sources/Research/Analysis (1 page + a maximum 1 additional page of analysis for each scenario)

- a. List all sources and references used to gather information and data
- b. Backup financial analysis supporting each scenario

Total: Executive summary (PPT or PDF, approx. 7 to 12 slides), five (5) written pages and minimum two (2) excel-based summaries; plus, a maximum of 3 additional pages of backup financial modeling behind each scenario

Your audience is a Hotel Owner and/or Hotel Asset Manager.

Craft your recommendation to address potential owner objectives.

Grading Criteria

	Maximum Point Value
Recommendation	
Recommendation is clear and justified by the analysis and research presented	15
Risk/mitigation analysis or alternative scenario is clear and justified by the analysis and research presented	10
Research/Analysis	
Research is done in a thorough and consistent manner and includes relevant factors such as market trends, the competitive landscape, data analyzed, and industry professional viewpoints (e.g.: Same model methodology, consistent number of research citations or interviews)	15
The facts presented are accurate and free of unsupported generalizations	10
Credible sources are used and cited	10
Presentation	
Formatting is professional and is easy to follow or read	10
Free of errors / misspellings	10
Deliverables are concise and within the recommended pg. length	10
Relevance	
The project/presentation focuses on the financial accountability that is an important focus of asset management	10
TOTAL	100