

Hospitality Experience Exceptional Service

An Interview with
Eric Horodas, President, Greystone Hotels



Hotel Los Gatos in Los Gatos, California

EDITORS' NOTE Eric Horodas has held his current post since March of 1995. He is also President of Markov Realty Corporation and, prior to that, was a partner of the law firm of Rubenstein & Perry. He was also a vice president for The Consolidated Capital Companies. He received his B.A. in History and Political Science from the University of Rochester and his J.D. from the New York University School of Law.



Eric Horodas

COMPANY BRIEF Greystone Hotels (greystonehotels.com) was founded in 1995 by Eric Horodas. Dedicated to superior customer service and eco-friendly hospitality management, the Greystone Portfolio consists of eight independent, non-branded boutique hotels and inns, and three flagship properties affiliated with Best Western International and Marriott International. Greystone's management focuses on providing exceptional guest experiences for discerning business and leisure travelers. All of Greystone's hotels offer great value, thoughtful amenities, and a comfortable, relaxing environment.

Will you talk about what the vision was for Greystone and how you felt the properties could be differentiated in the market?

The vision developed over time, although I got into the hotel business initially with a speculative investment.

An opportunity came up to acquire a large Best Western in San Diego that was in poor condition and subject to a short-term ground lease. I was able to negotiate a favorable deal with the bank and a long-term extension on the ground lease. I fixed up the hotel, after which it did very well.

At that time, I met Peter Trethewey, who co-invested with me, and we developed a good relationship. We became partners and decided to look for other hotel opportunities.

In 1996, we bought the King George Hotel in San Francisco. That set the tone for how we would proceed with the company. It was 142 rooms, built shortly after the San Francisco earthquake, and was a typical European style boutique hotel. It too was in poor condition but in an "A+" location.

We developed a vision for the hotel. We brought in an experienced interior designer and another partner with day-to-day hotel

management experience. We wanted to turn it into a midscale boutique hotel. We renovated it over a year and we created a heraldic theme around King George V.

The next year, I bought the Creekside Inn in Palo Alto, which was family owned and run but poorly managed. I got the ADR up 40 percent in the first six months. It's a beautiful property in a beautiful setting so we created an oasis for the business traveler. These two hotels formed our understanding of the boutique or independent part of

the business.

Every hotel needs to offer a comfortable night's sleep and a hot shower, but we knew we had to distinguish ourselves from all the surrounding competition. We settled on the thing that people said they really wanted: excellent personal service. We created our tagline, which is, Greystone Hotels – Experience Exceptional Service. We built our reputation around customer service, getting to know our repeat guests and understanding their needs and desires. As we acquired more hotels, we started to emphasize customer service even more.

Then we started to think about going beyond the comfortable sleep, the hot shower and good service. We started to decorate our hotels with a residential feel. Many travelers are looking for a homey, warm feeling, so we work with top-notch interior designers to create that residential feel.

We then focused on promoting our properties. We felt we could get the word out with the rise of e-commerce and social media, so that was our next phase.

We bought a series of independent hotels in San Diego, San Francisco, Los Angeles, and La Jolla. Among those purchases was the Empress Hotel in La Jolla, purchased in 2013, which had not had a renovation in 25 years.

When we buy any hotel, our process is to run the hotel for six months to a year to get a full understanding of the local market and the types of guest who patronize the hotel. We don't just rush into a renovation. After eight or nine months, we get a team together to brainstorm and develop the theme and the design, and important small touches that make the property local and authentic.

To be successful in this business, I've always felt one has to be ahead of the curve and do it in

an aggressive manner. As an example, the King George was the first hotel in our market to have a website and put in complementary high-speed Internet access. We have recently added mobile check-in and check-out, smartphone keys, and in-room tablets.

Is the branding for you about the individual properties or the Greystone brand?

To a certain degree, it's about Greystone because we are trying to promote the portfolio. Whether it's our preferred corporate clients who may have needs for business travel in different markets, or whether it's FITs that are putting leisure travelers into different markets, we focus on creating a brand. We're just about finished redoing all of our websites, and all of them inform the viewer that we have other hotels they can check out, but we're not branding ourselves in the way that the traditional brands do.

How challenging is it to be competitive in the food and beverage space?

My partner was a very close friend of Bill Kimpton. His concept for the boutique hotel was brilliant: acquire an older building in an urban in-fill market with high-demand drivers, turn it into a mid-scale boutique hotel, and put a really great restaurant on the ground floor.

We have taken a slightly different approach to the food and beverage piece. We are very good at marketing, selling, servicing, and running hotel rooms. Food and beverage isn't our area of expertise so it has been beneficial for us to lease our restaurant spaces.

Not all of our hotels have full restaurants in them. For the ones that do, our strong preference is to lease to a really good operator.

One example is Hotel Griffon in San Francisco. It was built after the 1906 earthquake and subsequently renovated in 1989. By 2006, it was a forgotten asset for the owners. When the Embarcadero Freeway was torn down, that neighborhood became highly desirable because all of the properties were then waterfront.

We bought the hotel in 2006. There had been a successful French restaurant in the hotel. It was closed and eventually leased out before we got ahold of it. When I bought the hotel, aside from needing a complete renovation and repositioning, I saw a food and beverage opportunity.

We decided to bring in Perry's as both a tenant and a partner. Perry Butler has run a successful operation in San Francisco since 1969. He has made his mark running an upscale friendly neighborhood bar and grill.

We opened at the worst time in October, 2008. Even so, Perry's first full year in 2009 did four times what the previous tenant had done in the space and it has grown every year since.

Overall, with food and beverage tenants, we have to market together and make sure our service standards are parallel with each other.

The Empress Hotel in La Jolla leases the restaurant space to an Italian steakhouse called Manhattan. The food is excellent, there is a piano bar, a huge wine list, and a loyal local clientele.

Do you bring additional properties on as a result of opportunity or is it more about seeking properties out?

I don't need to grow for growth's sake. It's a serious business and I'm committed to the management and operational side of it. Because we are owner-operators, investing our money along with friends and family, we only buy hotels we want to own and operate for the long term that we believe will provide cash flow and long term capital appreciation.

We would consider hotel opportunities in any high-demand driver markets that meet our criteria and can benefit from our skills in renovation, repositioning, marketing, and day to day operations.

We were approached recently by a developer in Santa Rosa. The city of Santa Rosa is the center of the Sonoma wine world and has a diverse business environment. There are many high-end hotels and branded hotels in Sonoma County, but no hotels in downtown Santa Rosa. This developer had tied up an historic building commonly known as "The Empire Building" in downtown Santa Rosa on Old Courthouse Square. The city recently committed \$10 million to renovate the Square and create a true centerpiece of Santa Rosa, akin, albeit on a smaller scale, to Union Square in San Francisco.

The Empire Building, originally a bank building, is a four-story structure that includes a distinctive clock tower on top. He then partnered with the owners of the building next door to put the two buildings together to create a high-end boutique hotel.



A bay-view king suite at the Hotel Griffon in San Francisco (above); a superior queen room at the Empress Hotel in La Jolla, California (below)

This developer had identified us to run this hotel with him. We're hoping to enter the construction phase soon, and at day's end we will have two buildings with a courtyard in between. We will have a big lobby with a lot of meeting space and huge windows. The project will also include a developed rooftop with two penthouse suites, a rooftop café, decks, and a fitness center. The project will incorporate three leased restaurant spaces on the ground floor housing a Starbucks, a fine dining restaurant, and a southern BBQ style restaurant.

We hope to have a soft opening towards the end of 2017. We're conceptualizing this as a four-star-plus hotel and it's going to fill an unmet need in Sonoma County.

Do you take time to enjoy this whole process?

I take a great deal of satisfaction in the company I have built. I'm very hands-on which, as one can imagine, is quite time consuming. I

have created a very solid culture in the company with very talented people working for me in key areas. I try to operate the company by consensus. Most decision-making is done that way.

Will you ever slow down?

I have investors who are always asking me about my future plans.

Turning 60 was a big deal for me and I spent five weeks in Italy with friends and family to celebrate and contemplate. I asked myself what I wanted to do for the next 10 years and I realized it was to keep going.

Having success has allowed me to be selective about what I do and who I do it with.

It sounds cliché, but I can do what I want now. I brought my younger son into the business and he has been working with me for over seven years.

I told him there would be no hard feelings if he didn't like working with me or in the hotel business and decided to do something else. If he felt he was learning and developed a passion for the hotel business, however, then we would discuss a succession plan. We're now at that point. Over the years, he has taken on a variety of assignments and responsibilities in order to learn the business from the ground up, something for me that was self-taught.

He managed the King George Hotel for a full year when I had to let the GM go. He handles all areas. The only area in which he has not worked is sales.

Every year I give more responsibility to him. At some point, he will be the president and I will keep my finger in it but he will make the daily decisions.

Frankly, I celebrate my success every day in terms of recognizing how lucky I am.

What has made giving back so important to you?

My maternal grandfather was my mentor in this regard. I want to be like him, and in a lot of ways I am. He was a very successful businessman but also a philanthropist. Just like my grandfather, I'm very driven in the business world and also highly involved in a range of nonprofits to which I give both time and money. ●

