

Hospitality

Driving Value

An Interview with John Belden,
President and Chief Executive Officer, Davidson Hotels & Resorts

EDITORS' NOTE John Belden started his career as a hotel consultant for Laventhol & Horwath, with successive stints at The Residence Inn Company and Holiday Corporation, where he was a member of the founding concept team for Homewood Suites. He joined Davidson Hotels & Resorts in 1989 and led the business development team during a period of unprecedented growth for the company, overseeing new management, acquisition and development opportunities for the company, as well as asset management and asset disposition responsibilities.



John Belden

He then became President and CEO in 2006. In early 2016, Belden helped launch Pivot Hotels & Resorts, Davidson's lifestyle and luxury operating division. Belden also serves as President on Marriott's MINA Board, the Sheraton Owner's Advisory Council, the Hilton Owner's Advisory Council, the Hyatt Full-Service Hotel Franchise Advisory Committee and the Board of Directors for Give Kids the World. He obtained a degree from the Business College at Michigan State University with an emphasis in hotel, restaurant and institutional management. Belden was named Michigan State University's Industry Leader of the Year in 2010 and was inducted into its Alumni Hall of Fame in 2016. In 2018, the Illinois Hotel & Lodging Association presented him with the J. Patrick Leahy Lifetime Achievement Award.

COMPANY BRIEF For over 40 years, Davidson Hotels & Resorts (davidsonhotels.com) has focused its efforts solely on the hospitality industry and built a substantial portfolio in the upper-upscale and near-luxury segments. As one of the largest privately-held management companies in the lodging industry, its success is built on a unique entrepreneurial management style and owner's mentality that enable it to provide each of its properties with the individualized personal service of a small company, enhanced by the breadth and depth of skill and experience of a larger company.

Will you discuss the history and heritage of Davidson Hotels & Resorts and how the business has evolved?

At nearly 45 years old, Davidson is one of the largest and longest tenured management companies in the industry. We started with humble beginnings as a small, regional operator of Holiday Inns in the Southeastern U.S. Now, Davidson has grown to become one of the most respected and sophisticated operators, overseeing one of the highest quality portfolios in the hospitality industry.

Throughout most of our history, Davidson has been led by a small cadre of entrepreneurial owners, but due to its enviable success, reputation and the growing size, stature and sophistication of the platform, today Davidson is owned by KSL Capital Partners, which is the single largest private equity firm focused solely on the hospitality, travel and leisure space.

in their respective communities, whether they are identified by the consumer via a hard brand, or whether that identity comes in the form of the unique personality of an independent hotel. Certainly, the stature, name equity and power of either is really important to their success in the B-to-C community.

The value of the Davidson name is important from a B-to-B perspective, shaped largely by our unparalleled experiences in driving asset value across hundreds of hotels that we've operated throughout the history of the firm.

We recently launched a new lifestyle and luxury operating division called Pivot Hotels & Resorts, so branding is even more critical for them, since they're newly formed and we're creating that awareness from scratch. The ability to position them in the mindset of the business community has been important to us and, fortunately, Pivot has been the fastest and most successful lifestyle launch of an operating platform in the industry.

What is the distinction between Davidson and Pivot?

The distinction is that Davidson operates all of our hard-branded assets, meaning properties that have a national affiliation with well-defined and prescriptive customer experiences, a global distribution system, a frequent traveler program and robust sales and marketing platforms. Our hard-branded properties largely involve full-service and high-density select-service premium hotels that are within the Marriott, Hilton and Hyatt ecosystems.

The Pivot division oversees all of our lifestyle and luxury properties which are independent and/or are a part of soft brands or collections. These are properties that require the development of their own identity, design, storytelling, activations, partnerships and integrated marketing. Soft brands are hybrid assets that embrace the heart, soul and unique personality of an independent, but have access to all of the powerful tools of a hard-branded platform.

Is there still a role for independent hotels with all of the consolidation that has taken place in the industry?

Is brand awareness important for Davidson Hotels & Resorts or is the focus more about the branding of the individual properties?

Both are important, but the performance of our properties will largely determine the power and respect behind Davidson's brand. Not surprisingly, the performance of the properties themselves hinge upon their brand awareness



Lobby of Hotel Zachary in Chicago (above); Hotel Viking, Newport, Rhode Island (below)



Absolutely. In fact, it's even more exciting for independent hotels in today's environment because today's travelers are looking for something that is unique and different. They're looking for something that is heavily experiential, both in design and F&B, in addition to using the hotel as a conduit to explore the local community. Independent hotels are free of constraints in regard to the experiences they create and the manner in which they connect with their guests, thus allowing them to take greater risks as they compete against brands.

As you look at growth going forward, do you focus on locations and markets where you feel you need a presence or is it about where the opportunities arise?

It's a bit of both. We have targeted MSAs that are a definitive part of our strategy, but we also have property owners who have brought us into assets in unique locations. The common thread is that so long as we believe we can create material value in an asset, we will take on that opportunity.

With the short-term pressures for results, how hard is it to make the long-term investments that Davidson needs for future growth?

We believe that driving holistic value in the asset from the outset is the best strategy. It's one thing to be able to create short-term value by simply cutting cost, but there can be material consequences to those actions. Accordingly, it is our goal to maximize value through proper positioning, revenue optimization, strong cost containment measures, aggressive flow thru targets, maintaining an asset's physical health and most importantly leveraging strong culture. We believe that holistic health in an asset provides the owner not only with the strongest asset value, but also the greatest options in their hold/disposition strategies.

Davidson's culture includes being a part of the communities where it operates and being a purpose-driven company, as shown by its partnership with Give Kids the World. Will you discuss why this is so important for the company and the responsibility that you feel leading companies have to address broader societal need?

Love is an omnipresent force in our culture and, as a result, we feel compelled to touch our respective communities in ways that make a difference. In addition to our deep relationship with Give Kids the World, we have fostered countless volunteer and charitable endeavors in Atlanta and throughout the cities in which we have properties, as we have a sense of responsibility to give back in the communities which, in turn, have given so much to us.

We have been involved with Give Kids the World for nearly 30 years, passionately helping them achieve their mission to provide hope for children with life-threatening illnesses

by providing them with a cost-free, week-long vacation at their 84-acre Give Kids the World village in Orlando, Florida. While there, the kids and their families have access to Disney World, Universal Studios, Sea World and Legoland. In addition, The Village itself is a whimsical, magical place that encompasses 168 villas with numerous F&B and entertainment venues where kids can experience love, joy and hope, while recapturing the carefree part of their childhood that has been taken away because of their illnesses.

When it comes to hiring talent, how important is cultural fit given Davidson's strong culture?

Cultural fit is everything, as we can teach aptitude, but we want to hire for attitude and a deep-seeded spirit to serve. We're very fortunate to have strong core values that support a very engaging culture which, in turn, have attracted some of the best talent in the industry. Nonetheless, we're in a period of declining unemployment, wages are beginning to rise and it's more competitive to access talent in the



Margaritaville Hollywood Beach Resort, Hollywood, Florida

droves that we need as a growing company. We trust that people want to work for a deeply-principled and fiercely competitive company that favors high-energy team members who serve with love. Due in large part to our culture, we have been selected as one of Atlanta's top workplaces, as well as garnering best places to work designations in cities throughout our portfolio. It is one of the things that attracts people to us.

We look to hire people from hospitality schools around the country, but we also find wonderful talent from our communities.

One of our core values is to be in touch with one's inner weird, which is a fun way of saying, we want you to be yourself. True hospitality comes from the heart and our guests are most often touched when those feelings are seen as authentic and genuine, not scripted.

Is it important for you to be at the hotels interacting with guests and to feel the pulse of what is happening at the properties?

It is important for all of us to witness these critical interactions, as we want to gauge where and how we can be even better. One of my most important responsibilities is to create an environment in which everyone feels like they have the authority and power to engage our customers in a way that creates the experiences we want them to have. This, in turn, creates indelible memories associated with the properties, which spurs further organic marketing as they tell their friends and spurs them to become repeat customers.

Part of that is making sure that we all feel like ambassadors for our culture. I can't be everywhere all at once, so it's important that everyone in our company, particularly on the leadership side, has the ability to share that message as they visit properties throughout our portfolio.

How critical is it for the diversity of your workforce to mirror the diversity of your clientele?

It's critical that we have a diverse workforce to engage with a diverse clientele. The experiences we can deliver are more enriched with a diversity of thought and creativity, all fueled by the originality of our upbringings. We live in one of the greatest melting pots in the world and that should be celebrated not only in our workforces, but also in our communities.

Are you someone who can take the time to appreciate the success that the company has achieved under your leadership or are you always looking ahead?

Ours is an industry where we are essentially here to serve and make people happy, and every day is wonderfully different. Each year we have literally millions of transactions with people serving people and to know that we are able to pull that off successfully, which in turn, creates success and performance for our property owners, is incredibly satisfying to us.

We get instant gratification from strong financial metrics, wonderful letters from guests, and heartfelt feedback from team members who say that this is the best place they can possibly work – all of these things provide great delight and satisfaction along the way.

Of course, when we think about where we started and where we are today, there is also great fulfillment because countless careers have been created and advanced, while many families have been supported through the endeavors of the company. Equally as important, we have created a lot of value for our property owners and our investors, which fuels our future growth.

All of this leads to a daily sense of satisfaction, but we have so much more to accomplish, and the boundless energy of our team simply won't allow us to sit still. It's hard to keep pace with the speed of our dreams, but rest assured, we will keep trying. ●