

IAHI's Source for News & Views

Third Quarter 2007

# Owner

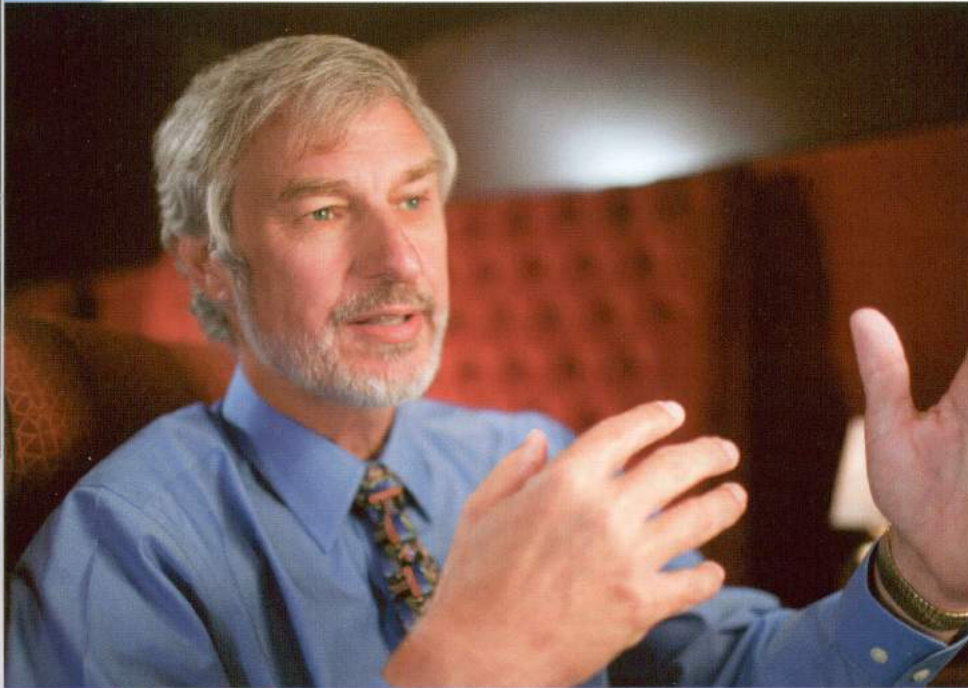


**iahi**  
The Owners' Association

**Takach & Hoffman**  
Looking Ahead

# REPORTING RESULTS

Mike Hoffman and  
Rick Takach Weigh  
Accomplishments and  
Look Ahead



Owner spoke with IAHI  
Chairman Mike Hoffman  
about the IAHI's recent  
accomplishments, and with  
Incoming Chairman Rick Takach  
about his vision for  
the Association.

**Owner:** As you look back over the last year, what has the IAHI accomplished on members' behalf?

**Mike Hoffman:**

It has been a very intense year. The IAHI has strengthened its mutually respectful partnership with IHG. With many system-changing initiatives on the horizon, our members need to know that more than 150 dedicated leaders of the IAHI have been focused on improving and protecting brand integrity and owners' investments. IHG has relied upon our due process and diligence in challenging some critical business decisions. From a renewed focus on quality to a fresh perspective on Holiday Inn and Holiday Inn Express, and the ongoing review of how System Funds are used, your IAHI has been there and will continue to be there as your advocate.....▶

**Rick Takach:** There is a host of other things we have accomplished recently, including encouraging IHG to step up its advertising. We challenged them to figure out a way to fund the increase without assessing more franchisee fees.



► It is important for owners to recognize that we've been involved every step of the way with the Holiday Inn and Holiday Inn Express global brand research and its implications (see story on page 10). We've had the opportunity to give our feedback on critical decisions, and our input has been encouraged and accepted. Without owner support, an initiative of this magnitude would be impossible. I am proud to say that we are on board and in full support of this great initiative.

Another equally important function the Officers of the IAHI Board conduct each year is to diligently review how System Funds are used. We have honest and frank discussions, ask appropriate questions and provide feedback. Sometimes we agree to disagree, but the end result is mutual collaboration.

In addition, the new Holiday Inn Express Start Breakfast Bar refresh has significantly improved the look and breakfast offering because of IAHI's strong encouragement for a higher-end presentation (see story on page 34). And through the efforts of the IAHI DRC Committee, franchisees received a \$4 million refund from IHG from the BTA commission premiums (see story on page 36).

**Mike Hoffman:** We also raised more money than ever for INN-PAC this year, which gives us a more visible presence on Capitol Hill, and a more impactful way to make our opinions known. We won't know the results of our efforts until proposed check card and immigration laws are passed or defeated, but we certainly anticipate that our work will be successful. I also have to say that as well as we have done, we need to raise more money from more franchisees to make a greater impact.

**Owner: What is your perspective on the progress made over the last year on IHG hotel quality?**

**Mike Hoffman:** I think the timing for a renewed focus on quality was right. Performing monthly quality self-inspections wasn't giving owners solutions for fixing quality issues and wasn't painting a true picture of our overall system quality. So, the fact that we have 18 new quality consultants in the field today is significant. Hiring and training these consultants was a massive endeavor on IHG's part. And I'm proud that the IAHI played a role in making this happen. There have been more than 1,800 inspections so far, which are giving us a benchmark of our system's quality. We've come a long way, but we haven't yet solved the deficiency. We have to keep moving forward and raising the bar. I am confident that under Rick's leadership, the IAHI will continue to keep this momentum alive and take it the next level. Our quality endeavor is a journey and not a destination.

**Rick Takach:** I, too, want our Association to work with IHG to continually improve the value of our brands and generate more financial prosperity for owners. And I believe the best way to accomplish this is through consistent product quality and service delivery. IAHI will continue pushing for the renewed focus on quality that Mike started. Quality is our system's most clear and pressing issue. In fact, if you look at the hotels that are in Action Required or Failing category, more than 80 percent of the issues are basic and controllable. We, the franchisees, have to step up the focus

on these controllable issues. From hiring the right people to providing consistent service, and fixing the cleanliness, appearance and condition of our hotels – it is our responsibility. This is one of the pillars to increasing the value of our brands and your return on investment. In 2008, we will work with IHG to promote swift remedy with measurable milestones to track progress.

**Owner: Give us an update on the IAHI Regional Operations Councils and their accomplishments.**

**Mike Hoffman:** I am very proud of the work that went into modifying the format of the Regional Operations Councils. We focused their efforts on specific issues that are key to our business, including:

- Using meeting space and F&B as a competitive advantage
- How to monitor and increase hotel quality
- Driving profits by looking at costs and revenue
- The importance of engaging owners and operators in their local government

I've never seen four groups so enthusiastic and knowledgeable about these topics. Each group was passionate about their specific areas of expertise. We've compiled their recommendations and best practices, so all owners can benefit from the Councils' work. To access, go to [www.myiahi.org/BestPractices](http://www.myiahi.org/BestPractices).

**Owner: Give us a preview of your vision for the IAHI.**

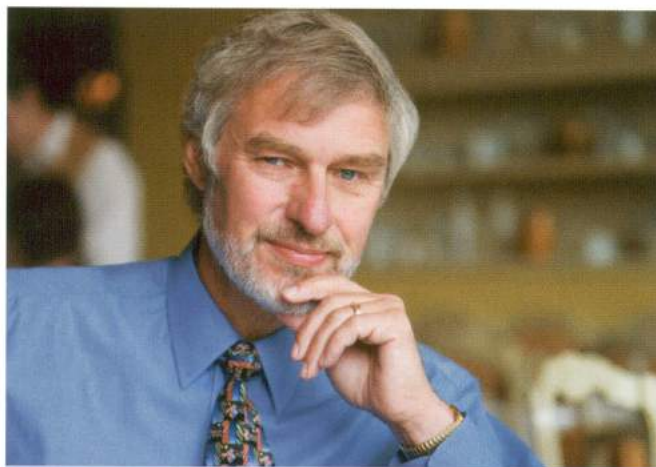
**Rick Takach:** With all the progress we've made this year, continuity will be key. Long hours, difficult discussions and passionate dedication have gone into working with IHG to prepare our brands for rapidly changing guest expectations and future demands. To keep pace with these changes, we must evolve or dissolve. For the Association to continue to thrive, I believe that we must also have communication, unity and commitment. If we're lacking in one of those areas, our Association will not be as effective. I believe that communication leads to unity and commitment. As a matter of fact, when owners criticize the Association and the work we are doing, it's usually because they don't have enough information. After sitting down one-on-one, having a conversation and providing feedback, their issues almost always go away. I believe that when you have better communication, you can have unity. And with more unity, we'll create more valuable properties, more committed owners and more loyal guests.

My role as Chairman is to communicate with owners and help them understand how they can provide feedback about issues that are important to them. My goal is to open our IAHI Committee and Regional Operations Council meetings so every member can participate in some capacity. I want our members to experience how

we advocate on their behalf. There may be some logistical challenges to making this happen, but we will find a way. The defining moment will be when we give everyone a mechanism to participate and provide feedback.

**Owner: What do you want owners to know about you?**

**Rick Takach:** I am looking forward to serving the membership and continuing the work in progress. I have invested significantly in the IHG system just as other owners have, and I am 100 percent committed to the IAHI and its effectiveness in communicating with IHG. I want owners to know that I am looking out for the entire system. In return, I ask them to get involved, communicate their concerns, and be committed to the Association.



**Owner: What advice do you have for the Incoming IAHI Chairman?**

**Mike Hoffman:** My advice is to have a strong focus on a limited number of main initiatives that you want to accomplish and then do them the best you can. And remember that the IHG owner community is diverse in every way – geographically, culturally and ethnically. Even the hotels that we own are diverse: some are big, some are small. Some members own a number of properties and a number of different brands, and many own just one hotel. But as different as we are, we have one thing in common: we're all IHG franchisees and we are all trying to make a living. ■

Rick Takach will lay out his 2008 plans for the IAHI at the IHG Americas Investors & Leadership Conference in Dallas.