

Reflagging

From flagged to independent ... and back again

Oct 1, 2008


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Hotel Indigo's idea boards for The Heritage Hotel refer to the style as "antique chic."

when the franchise agreement expired.

"At that point in time we needed \$2 million in renovations to keep the property a Holiday Inn," Rucker said. "The previous owners did not have the capital to put into it. This hotel really is a diamond in the rough."

For the past year, operations have been rough without a brand flag, Rucker said.

"It's challenging to be an independent hotel," she said. "It's really hard to get the business in here. You lose the flag, you lose the 800-number, the name recognition. You're able to maintain your loyal customers, but to get new people in is a challenge."

Operationally, Rucker said the property suffered during its tenure as an independent. Computer integration with InterContinental Hotels Group was shut off and the property worked with TravelClick for Global Distribution System hookups.

"In June [after the de-flagging] we noticed business tapering off," Rucker said. "We had to lay off three housekeepers. Occupancy went down initially ten percent."

"We had to run a lot more promotions to get people in here," she said. "The whole state was down, but we've been 20-percent off. We had to take everything [logoed] out of the rooms, and 10 days after the de-flag a Holiday Inn representative walked the property. And I personally cried," Rucker said. "I loved my Holiday Inn rep at the time."

As a Holiday Inn, The Heritage had 80 percent business travelers. After losing a lot of business along with the Holiday Inn flag, the property now is 60 percent leisure.

On the market

In June, BayStar Hotel Group announced it had purchased The Heritage for \$6.5 million and would renovate the property as a Hotel Indigo.

Rucker was aware the property was for sale, and she was in constant communication with BayStar principals to learn about the \$3-million renovation and the new brand.

It's an exciting time at the hotel, she said.

"Hotel Indigo will fit this property perfectly," Rucker said. "BayStar is committed to that brand."

All of BayStar's portfolio is in Florida: two Holiday Inns, one Hampton Inn, one Best Western, two Holiday Inn Express properties, and one new-build Hotel Indigo, in addition to its renovation at The Heritage.

In the nearly ten years she has been employed at The Heritage Hotel, GM Lynda Rucker has seen plenty of change. When she joined the St. Petersburg, Fla., property in 1999 as director of sales, it was flagged as a Holiday Inn. When Rucker took over as GM in 2001, the 83-year-old property had been a Holiday Inn since the mid-1990s.

Parkview Hospitality first acquired the 71-room property in 1998, operating it as a Holiday Inn until March 2007



All 71 guestrooms, plus the public spaces, will be completely renovated.

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The renovation is top to bottom, and the style Glover calls "antique chic."

"The exterior still will resemble a 1926 hotel, as will the lobby, with high ceilings and wood floors. But the guestrooms will have 32-inch LCD televisions and wood floors with area rugs," Glover said.

Rucker said the renovation will be completed by early December, and it will be undertaken floor by floor so the property doesn't have to shut down.

Much of the renovations are driven by Hotel Indigo brand standards.

"We started by repairing the roof and the air conditioning," Rucker said. "Each AC unit we had covered 10-14 rooms, and to be an Indigo, each one must be independently controlled and operated. We hired a design firm out of Miami, and plans went back and forth to IHG a couple of times, but now IHG has signed off on everything."

"We're going to be completely transformed from being historical, to being modern and hip and the place to be," she said. "We'll have a lounge in the lobby, a cafe and a Starbucks."

Structurally, the renovation fits perfectly with the hotel's bones, Rucker said.

"Our bathrooms are really small, but Indigos only require a shower, so when we take out those bathtubs, what's perceived as a smaller bathroom will actually be larger. We're restoring the hardwood floors. Furniture, like the sleigh beds, will be custom-designed for this hotel. We'll have all new linens, all new everything," she said.

Winning customers back

"When I heard the new owners were going to turn [the hotel] into an Indigo, it was live at first sight," Rucker said. "They run really good properties and they are high-performers in their markets."

Glover said the property will work to win back weeknight business travelers.

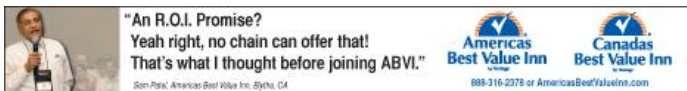
On property, Rucker's sales team is in the process of hitting the phones.

"We're calling all of our accounts that we lost to Hampton and Courtyard and Hilton, and telling them that this will be the nicest hotel in St. Pete," she said. "It'll be an easy sell. We're signing contracts now for 2009."

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