



Peninsula Value

An Interview with Robert H. Rechtermann,
General Manager, The Peninsula New York

EDITORS' NOTE Prior to assuming his current post in May 2007, Robert Rechtermann was Resident Manager of The Peninsula Chicago, after serving as Director of Operations of The Ritz-Carlton Boston Common. He has also served as Executive Assistant Manager of Food and Beverage for The Ritz-Carlton Boston. He holds a B.S. in hotel management from Fairleigh Dickinson University.



Robert H. Rechtermann

PROPERTY BRIEF The Peninsula New York occupies an elegantly restored, 23-story, Beaux Arts landmark building on Fifth Avenue in the heart of Manhattan's prestigious shopping, cultural, and business neighborhoods. Featuring 239 rooms and suites equipped with state-of-the-art technology, a glass-enclosed spa and health club, rooftop bar, and the popular Fives restaurant, the property is the recipient of the AAA Five Diamond award and was awarded the Forbes Five-Star rating for both the hotel and The Peninsula Spa by ESPA. The Peninsula New York is managed and owned by The Peninsula Hotels (www.peninsula.com), a division of The Hong Kong and Shanghai Hotels, Limited.

Have you seen signs of the market coming back in New York City and are you optimistic looking ahead?

We always have to be optimistic that things will get better from a business perspective because the economy is getting stronger, but also because we're working hard to find ways to make things better, finding new markets and customers, and introducing our brand to people who aren't as familiar with it as we would like.

It is taking longer than anyone envisioned and the customers are more careful in their buying decisions; they're smarter and more educated, and are using the Internet to shop. The days of coming to New York and paying whatever New York dictated are gone.

How challenging is it to find the balance between rate and occupancy and will rate base be different going forward?

We all hope we'll get back to where we were, and I'm sure we will during certain periods. But in a 365-day year, we have to make sure we're getting the most out of our rates and occupancy, and RevPAR is the famous blend of the two.

But it's not as easy to say we're going to go for rate anymore. You have to fill your hotel rooms and keep your employees employed. Hopefully, you're getting the highest rate possible, but we've seen that even those with the highest rates in town have had to come down in order to keep people coming in.

So we have to do what we have to do to keep the hotels as full as we can because of all the other revenues that rely on someone staying in the hotel, be it food and beverage, spa, etc.

Is there an effective understanding of the Peninsula brand in North America?

There is a certain affluent traveler who has had the opportunity to visit our hotels in Asia who recognizes us, but we have an uphill battle against the likes of Four Seasons, Ritz-Carlton, or St. Regis, because of the number of properties they have in different markets.

We're opening in Paris at the end of 2012 and that will give us a huge boost within Europe. Having a top hotel in Paris will expand the knowledge of our brand exponentially. So there is still a lot of opportunity for us to promote our brand.

How are you able to make the cuts during tough times without guests seeing or feeling it?

There is a certain staffing minimum, so we're as careful as we can be with our staffing levels since the biggest expense of any hotel is payroll.

We try to look at things that don't necessarily affect the guest experience. There are things that might have been important five or 10 years ago that aren't as important as they are today. Customers are still focused on quality but also on value.

So we look at all those things and try to maintain a good balance between providing five-star, Five Diamond service, and looking at the opportunities to maintain certain standards, which is the cost of doing business at our level. And to do it in such a way that it doesn't affect the guest and is seamless.

But we are all finding ways of saving money – you have to.

Have you been happy with the way the renovated spa product has been received?

We have been fortunate to have taken the opportunity over the past three years to renovate the hotel top to bottom.

We started on the top with the rooftop bar, Salon de Ning, and the spa, and both continue to be very well received. We are seeing those areas grow as the awareness develops.

The rooms renovation was finished in 2010. We're in the best position we've ever been in to welcome the return of business to New York and hopefully the economy will cooperate.

This is a hotel with a strong suite offering. Is there consistency in feel among those suites?

Depending on the level of the suite, they're renovated with the same design as our hotel rooms. But our Grand Suite was finished recently and we've done a different look there. The Peninsula Suite, which is our top suite, goes out for renovation in January 2011. We're going to pull out all the stops on that to make it one of the top suites in New York.

How critical to success is long-term investment from the property's owners as well as sharing a common vision with them?

We're fortunate to have owners who continue to invest in our hotel and in our people, even though the cash flow and the economy are difficult.

In the long run, it will pay off. We're not necessarily forced to make the deep cuts that an owner might make to his hotel if he's running short on cash.

The long-term vision of the company is to be a sustainable business in New York and around the world. We're in it for the long haul and we want our employees and customers to know that. We also want to have a long-term impact on the community and keep the hotel functioning well. We have 400 families who work in this hotel and we want to make sure they're in it for the long haul as well.

In leading a luxury property today, has the focus become more on business than on hospitality?

We're a business, but we're not a hotel management company or a real estate company – we're a hotel company, so we're able to balance it.

There is still pressure to make money, but maybe not with the same short-term mindset as other hotels.

It's more of a business than it was 20 years ago, but it's still taking care of customers and creating relationships, and taking care of our staff. We just have to work harder to sell our hotel and find new markets. ●

Lobby (left); Deluxe Suite Living Room (center); Pool (right)