



“Morganisms”

An Interview with Daniel R. Flannery,
Executive Vice President and Chief Operating Officer,
Morgans Hotel Group



Facade of St Martins Lane in London (left); Sunset Lounge at the Mondrian South Beach (above)

EDITORS' NOTE Daniel Flannery has held his current post since joining the company in April 2011. Prior to this, Flannery was the Vice President and Managing Director for Marriott International, Inc. from January 2009 to April 2011. Earlier, he spent seven years at The Ritz-Carlton Hotel Company as its General Manager and Area Vice President for New York and Boston. Flannery served on the executive committee and board of directors for the Tisch Center for Hospitality, Tourism, and Sports Management at New York University as well as the Dean's Advisory Council for the Smith School of Business at the University of Maryland. He is also a distinguished lecturer for the New York University Brener Lecture Series and he served on the board of directors for the Hotel Association of New York City from 2007 to 2009. Flannery received a Bachelor of Science from the Smith School of Business at the University of Maryland.



Daniel R. Flannery

COMPANY BRIEF Morgans Hotel Group Co. (www.morganshotelgroup.com) is widely credited as the creator of the first “boutique” hotel and a continuing leader of the hotel industry’s boutique sector. Morgans Hotel Group operates Delano in South Beach and Marrakech; Mondrian in Los Angeles, South Beach, and New York; Hudson, Morgans, and Royalton in New York; Shore Club in South Beach; Clift in San Francisco; and Sanderson and St Martins Lane in London. Morgans Hotel Group has ownership interests or wholly owns several of these hotels. Morgans Hotel Group has other property transactions in various stages of completion, including Delano properties in Las Vegas, Nevada; Cesme, Turkey; Moscow, Russia; and Cartagena, Colombia. Mondrian properties in London, England; Istanbul, Turkey; Doha, Qatar; and Baba Mar in Nassau, The Bahamas, and a Hudson in London, England. Morgans Hotel Group also owns a 90 percent controlling interest in The Light Group, a leading lifestyle food and beverage company.

Would you describe the strength of Morgans in its markets?

Other than two hotels in London, our current operations are all in North America.

Generally, all of the North American markets are strong. New York is having a good year; Miami is having its second strong year in a row;

San Francisco is probably the strongest of all the markets for the second year in a row because there is no new supply growth there.

There is a little bit of supply growth in LA; there is a lot in Miami; and there is too much in New York City.

Are there common traits that link your properties to Morgans Hotel Group or is each focused on what works best in the local market?

We have “Morganisms,” which are deliberate points of distinction regarding things we do differently in our hotels versus the traditional approach to the hotel business, like a certain focus on authenticity and simplicity.

There are a lot of Morganisms in the way we design hotels, like not having patterned carpets, for instance.

All of our hotels are designed with a story in mind that is unique to its location and captures the energy of the city while remaining true to our brand identity.

Is the target market in each of the properties similar?

We have hotels you would consider high-end luxury like Delano that compete rate-wise with any of the hotels in South Beach. We also have a brand like Hudson that is more economy positioned and priced, with smaller rooms and amenities that are in a different tier.

But when we’re positioning a hotel in any tier, we talk about gearing ourselves towards what we call the creative class, which we define as people in industries like entertainment, music, fashion, art – people who move trends and influence pop culture.

We build, design, and brand hotels with that creative class in mind, but you also provide for people who are aspirational.

What emphasis have you placed on the service standards within the group?

We focus on five strategic training initiatives, no matter how trends change in the business. The first is having a strong new hire employee orientation program, and it’s not just orientation, but training with respect to introducing your culture to employees in such an emotionally powerful way that they will buy in.

Number two is having very strong technical position-specific training manuals. In any position, there are certain things you have to commit to memory before you are proficient in your job. So how you train to those things in technical training is key.

The third is leadership training. In this business where you need employees to do their jobs with enthusiasm, you’re not getting that if you have weak line-level leadership. It doesn’t matter what they think about the CEO of the company if their immediate boss is not effective with them. So the general managers put together a best-in-class leadership training for new leaders.

The last two are very specific skill sets that determine whether you have lousy service, good service or great service: the first is great problem resolution training, because 20 to 30 percent of guests staying at a hotel experience some sort of problem. How well line-level employees react is key.

The last is teaching line-level employees how to anticipate guest needs and how to react to cues. So if you see someone having trouble reading a menu, for instance, you offer a candle.

How well those things are done in a hotel company determines what kind of service you provide.

How far has Morgans gone to implement technology?

Technology in some respects can be overrated. What you find now is that a lot of guests travel with their own iPads or prefer to work off of their iPhones, so there is less interest in using the iPads in the guest rooms.

It’s a fine line between finding what is new and cool, and connecting the dots on how the guest uses it.

It’s great to suggest people check-in by kiosks, but a lot of people want to talk to someone about their room and be made to feel welcome in ways technology can’t accomplish.

The higher up you get in rate positioning in the hotel business, the more guests you find who complete the search process online and then book a reservation over the phone because they want to talk to somebody.

How challenging is it to balance long-term objectives with short-term pressures?

I deal with hotel owners that are not public companies. I’m not sure that an individual private owner has any more of an appetite to go through short-term loss situations when there is an economic downturn than shareholders of public companies.

There is clearly more complexity in dealing as a public company with SEC requirements and what comes with having shareholders and dealing with analysts. But, on the business side, the short/long paradox is a challenge for everybody. ●