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Montu Patel,
Managing Member
of IHM LLC

Charting the
twists and
turns in the
career of
longtime
AAHOA
Member

Montu Patel

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CORNERSTONE

conversation

Charting the twists and turns in the career of longtime AAHOA Member Montu Patel

by EVELYN HOOVER

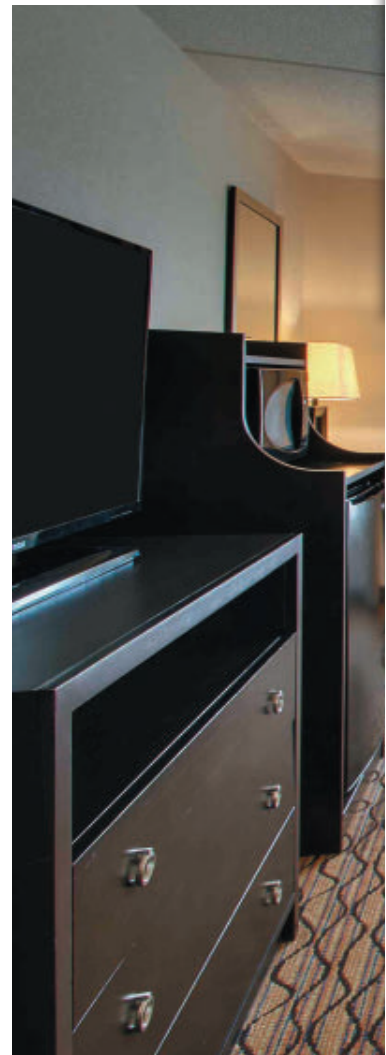
EMBARKING ON A JOURNEY that began with his family's venture into the hotel industry many years ago, AAHOA Member Montu Patel's trajectory has been nothing short of remarkable. From a childhood spent immersed in the operations of his parent's first hotel to becoming the head of Innovative Hospitality Management and Lotus Park Senior Living, Patel's story is one of resilience, innovation, and dedicated leadership. His strategic approach involves a keen understanding of eroding margins, inflation, and the impact of interest rates on return on investment. Beyond his entrepreneurial pursuits, Patel is actively engaged in charitable work, driven by personal experiences with brain cancer. This interview provides a glimpse into Patel's multifaceted career, his insights into industry dynamics, and his dedication to making a positive impact both professionally and philanthropically.

HOW DID YOUR HOTEL JOURNEY UNFOLD?

My journey in the hotel industry started at the age of six, when my father, originally a chemist at Campbell Soup in Canada, was presented with an opportunity to invest in a Howard Johnson's in New Jersey. My father immigrated to the U.S. on a business visa to begin his hotel journey. My mother, sister, and I moved shortly thereafter. Living on-site in room 141 at Howard Johnson's, I had a dynamic childhood, helping my parents in any way I could with the hotel's day-to-day operations.

HOW LONG HAVE YOU BEEN AN AAHOA MEMBER, AND WHAT LED TO YOUR INITIAL INVOLVEMENT WITH THE ASSOCIATION?

In my childhood, AAHOA Members were frequent visitors to our home, and I vividly remember attending AAHOA events with my sister and dad. We would help distribute fliers or assist with check-ins. Our





AAHOA Member
Montu Patel

home even served as a gathering place for AAHOA Members. My journey with AAHOA began during its early days, and that initial connection has remained strong throughout the years.

YOU’VE CERTAINLY MADE REMARKABLE STRIDES SINCE YOUR INITIAL INVOLVEMENT IN YOUR FAMILY’S FIRST HOTEL IN NEW JERSEY. WHAT’S YOUR CURRENT ROLE IN THE INDUSTRY?

We own and operate 11 hotels. We also have hotels that we invest in that we don’t operate. We have senior living communities that we built from the ground up. I’m the managing member of Innovative Hospitality Management and Lotus Park Senior Living and am thankful to count on a team of wonderful people who help bring it all to life and are really the backbone of what makes these companies successful.





Montu and his sister, Payal, in front of the Econo Lodge their parents owned in Bordentown, NJ, in 1983.



The Econo Lodge Montu Patel's parents owned in Bordentown, NJ.



Regardless of whether you're at the front desk, managing housekeeping, serving as the general manager, or holding any other position, the path to becoming a multi-unit operator or revolutionizing your hotel management begins with education.”

WHAT IS A CONCERN YOU HAVE REGARDING THE CURRENT STATE OF THE INDUSTRY?

The margin in our industry continues to erode. When I look at the top line of total revenue and the percentage that goes to the bottom line, more and more of that is eroding. When you factor in inflation and ADR growth, it becomes clear the return on investment isn't as robust as it should be, especially considering the challenges posed by the new interest-rate environment we find ourselves navigating.

HOW DO YOU ENSURE THE RESILIENCE OF YOUR REAL ESTATE PROJECTS, ESPECIALLY THOSE WITH HOTELS, IN THE FACE OF EVOLVING FINANCIAL LANDSCAPES AND POTENTIAL SHIFTS IN INVESTMENT DYNAMICS?

When you look at cash flow after distribution, your internal rate of return that you get today, tomorrow, and probably during the next 18 months, based on the kind of loan you lock in, will be a pretty low return. I believe we will see a comeback as interest rates begin to drop. I hope our debt cost is

cut in half during the next 36 to 40 months. I believe times will get better for having that cash flow after debt service. This is critical for us as owners. We want to continue to build, construct, and operate real estate boxes that have hotels on their front door, and not have to look at alternative uses and sources for real estate.

YOUR PERSPECTIVE EXTENDS BEYOND A SPECIFIC SECTOR TO THE BROADER REAL ESTATE LANDSCAPE. CAN YOU SHARE WHAT FACTORS YOU CONSIDER WHEN DECIDING TO PIVOT TO DIFFERENT INDUSTRIES WITHIN THE REAL ESTATE ARENA?

Ultimately, I'm in the real estate business. Whether it's senior living facilities, multifamily housing, hotels, whatever it is, it's real estate. If the cash flow after debt service isn't there because of an eroding margin, then I've got to be able to pivot to other industries that are still in the real estate arena that we know how to develop and build but that we have better control of the expense basis so we can continue to make returns that are acceptable for investors.

YOUR DECISION TO EXPLORE REAL ESTATE BEYOND THE HOTEL INDUSTRY IS FASCINATING. HOW DID YOUR QUEST TO BE THE MASTER OF YOUR DESTINY LEAD TO VENTURES LIKE SENIOR LIVING COMMUNITIES?

My sister and I were really interested in real estate in other forms, and not just the hotel industry, as we saw that our ADR wasn't keeping up with inflation at that time. Forget about now; I'm talking about at that time. During the past 30 years, room rates haven't done a great job of keeping up with inflation. When I look at the eroding margin of all the expenses layered into franchise hotel operations, I became concerned the rate of returns that our investors were seeking wouldn't be sustainable in the future. I needed to make sure I was the master of my destiny. That's why I looked at uncovering other real estate businesses. For senior living, as an example, we incorporated our hospitality background into assisted living. Our buildings are designed in a way that looks different than other senior living communities.

IN YOUR VIEW, WHAT SETS THE AAHOA COMMUNITY APART?

AAHOA has been absolutely instrumental in our company being where it is today. It afforded us the opportunity to network

with people who had different mindsets, different ways of tackling and approaching the same problem and coming up with a different solution. AAHOA Members are always willing to share those solutions. And that, I believe, is part of AAHOA's secret sauce and what makes this association so great. You rarely find an AAHOA Member who does not want to help another member.

YOUR EXTENSIVE EXPERIENCE WITH AAHOA IS NOTEWORTHY. CAN YOU DELVE INTO HOW THIS ASSOCIATION HAS PLAYED A CRUCIAL ROLE IN SHAPING NOT JUST YOUR CAREER BUT THE SUCCESS OF MANY OTHERS IN THE INDUSTRY?

AAHOA has always had the foresight to encourage members to volunteer on industry committees, engage with owner associations, and actively participate in franchisor hotel ownership groups. These types of involvement empowered me and many others to make our voices heard and foster a culture of education. You couple that with pursuing the AAHOA Certificate in Hotel Ownership® (CHO), and it becomes a transformative journey, making individuals better business owners and smarter entrepreneurs.

YOU'RE AN ACTIVE AAHOA MEMBER, BUT YOU'VE ALSO SERVED ON THE CHOICE HOTEL OWNERS COUNCIL. CAN YOU SHED LIGHT ON WHY YOU BELIEVE HOTEL OWNERS SHOULD BE INVOLVED WITH INDUSTRY ORGANIZATIONS?

Regardless of whether you're at the front desk, managing housekeeping, serving as the general manager, or holding any other position, the path to becoming a multi-unit operator or revolutionizing your hotel management begins with education. Volunteering with organizations like AAHOA, or joining a committee, is an excellent way of educating yourself. Members think it's hard to join a committee, or it may take too much time. There are a lot of but's and can't's. Playing an active role in organizations like AAHOA is one of your most significant investments. The returns are lifetime friends, a group of people you can count on, and top-level education.

BEYOND YOUR ACHIEVEMENTS AS AN ENTREPRENEUR AND HOTELIER, YOUR DEDICATION TO CHARITABLE ENDEAVORS IS REMARKABLE. COULD YOU DELVE INTO THE MOTIVATION BEHIND YOUR ACTIVE INVOLVEMENT WITH CHARITY WORK?

It was crucial for me not only to contribute financially but also to invest more of my time in the causes dear to my heart. I try to work every Wednesday at a community kitchen, cooking meals for those in need. I also volunteer with the National Brain Tumor Society. My sister passed away from a glioblastoma, a type of brain cancer, 11 and a half months after being diagnosed. I've done a number of things for NBTS. You wouldn't believe how small the charity is, but the significant impact it has on Capitol Hill. It's instrumental in getting funding and research dollars to help find treatment options for brain cancer and different types of brain tumors. There are

many forms of brain cancer, but GBM is probably the deadliest form of it. It has a high death rate, unfortunately. We've done 5K walks in our community in conjunction with Race for Hope.

HOW HAVE YOUR HOSPITALITY SKILLS CONTRIBUTED TO YOUR EFFECTIVENESS IN SERVING THE COMMUNITY IN A LEADERSHIP CAPACITY?

Giving back to our local community as a hotelier is important. As an elected school board member in my community, I've found my skill set as a hotelier and entrepreneur was transferable to running for elected office and serving the community in this capacity. Local community organizations are actively seeking dedicated volunteers, and I firmly believe AAHOA Members possess the strength and skills required for such roles. I encourage AAHOA Members of all ages to get involved in meaningful ways in the New Year. ■

