

## CORPORATE INITIATIVE VS. FRANCISHEE RIGHTS

### Convincing the Franchisee to Buy From the Brand Company Perspective



**David Sjolander**

VP Hotel Information Systems  
Carlson Hospitality Corporation

**A**s I write this article, our customers' expectations are changing. Our challenge as a hotel technology provider is to anticipate these changes, develop new technology where needed, and deploy it to our hotels as quickly as possible. Standardization of technology is key to ensuring that our hotels are positioned to affect these changes when opportunities present themselves. If all of Carlson's 850 properties around the world were operating on individually selected systems, there would be no way that this could be accomplished.

An example of just such an innovation is MasterCard's Hotel Folio data program, in which two of our hotel brands, Radisson and Country Inns & Suites, are participating. This program provides guest folio detail electronically to corporate card clients, which is populated into expense reporting systems. This type of program is just emerging, but is being replicated by all major T&E card issuers. We believe that participation in these programs will be a prerequisite to hotel chains being chosen as approved suppliers for corporate hotel programs.

Fortunately, Radisson and Country Inns & Suites are both totally standardized on two property management systems. In fact, we feel so strongly about it, that we have removed a few hotels from both brands for failing to comply with the requirement. Why? Because we could not participate in programs like this without centralized, normalized data. And, it would be too difficult to collect the data from a myriad of property management systems. Someday, perhaps our industry will have very robust interface standards and plug-and-play systems, but until that day comes, there is no alternative to standardization.

Another example is from one of our competitors: the roll-out of a single, standardized high-speed Internet solution to all of its hotels. It will provide a common guest experience at all of its hotels...and the hotel company is having a very hard time convincing hotel owners to install it. I have used (or tried to use) high-speed Internet in many hotels, our brands and others. It is a different, and often frustrating, experience every time. Sometimes I am successful, sometimes I am not, but it is often time-consuming and rarely works perfectly the first time.

Most hotel chains are establishing a brand standard around high-speed Internet, but most are taking the approach of choice

in selecting a vendor. The chain I referred to will have a hard time enforcing their standard; however, if they are successful, they will create a consistent guest experience, which is really the essence of what a brand is all about.

And this brings me to the root cause of the friction between hotel owners and hotel chains: the two entities have the same objective (profits), but different perspectives in pursuit of those profits. The owner cares ultimately about cash flow and the resulting change in asset value. The chain cares about protecting and increasing the value of its brand. The hotel owner and hotel chain meet in the middle and try to create a win-win situation. Many times, the hotel chain's standards are for the benefit of the loyal guest and the overall brand rather than an individual hotel. In the high-speed Internet example, it is difficult to explain how the required system, which might cost twice as much as the "local" solution, is going to show an ROI for *your* hotel.

If an open dialogue and a bit of trust exist between the two parties, this friction between hotel chain and hotel owner can be very positive. Pushback from owners keeps us honest. It is incredibly difficult to enforce an unpopular and unjustified brand standard. Before we even utter the word "standard" or "requirement," the idea must pass a great deal of internal scrutiny, challenge and angst. Everyone on the corporate staff knows that it—whatever "it" is—will be a battle to implement. Before it is proposed to the franchise community, it will be analyzed, questioned and justified *ad nauseam*.

The feedback we get from our franchisees is incredibly valuable. We recently created a technology subcommittee of our franchise advisory council for Country Inns & Suites. While we have only had one meeting so far, I can report that the feedback from the committee is being used to shape our high-speed Internet standard for that brand. A hotel chain that listens to its owners and franchisees will be able to turn the natural friction that exists in the relationship into opportunity.

So Brian, I am sure you must be referring to some *other* hotel chain than Carlson. I hope that we are able to have the constructive dialogue necessary to understand each other's position. And, even if you don't agree with all of our technology requirements, we always promise to explain our logic, and we hope the investment we ask you to make will be more than returned through the value of our brands.

---

A hotel chain that listens to its owners and franchisees will be able to turn the natural friction that exists in the relationship into opportunity.