HOTELS
PASSION FOR HOSPITALITY

OWNER EQUITY BY CHAD CRANDELL
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Cotton-headed ninny muggins

(The views and opinions expressed in this blog are strictly those of the author.)

This past week I got burned. Not your run of the mill "slight," but a good old-fashioned screwing over of epic proportions, from someone I knew and for the most part, trusted. I'll be honest, it stung. My initial reaction was to give said perp the benefit of the doubt, and chalk it up to being a Cotton-Headed Ninny Muggins ("Elf" movie reference – possibly the best Jewish-produced Christmas movie of all times). Meaning, I thought he was just being an idiot. But, then I learned that was not the case. He had intentionally put his own interests above mine, even crossing an ethical boundary in my mind, burning many bridges along the way.

This experience was a painful reminder that even people like me, who get paid to look out for others, can themselves be blind-sighted by the actions of others – including "friends." Hospitality by nature is a "friendly" industry, fueled by a work hard/play hard mentality. On most days, I believe we are some of the luckiest professionals in the world. This, coupled with the fact that many of us have worked together for over 30 years, makes it very collegiate and yes, "friendly" environment. However, business is business, and friendship can cloud judgement. I am a huge proponent of liking who you do business with, but you must also make sure you have people paid to watch your back. Whether it be the attorneys, advisors or asset managers, you want to make sure you have people on your side to make sure all the i's are dotted and the t's are crossed.

This experience also re-enforced my conviction in what I do every day (other than not screw over my friends). By trade, I represent the interests and preserve the rights of the hotel ownership community…otherwise known as "hotel asset management". The very nature of being a hotel owner – assuming all of the risk financially, while relinquishing nearly all control to third-parties – can leave

even the most experienced and savvy investors feeling vulnerable and even outright “duped” at times. Hotel owners rely on many different entities to achieve desired returns. From brand and operators who run their hotels, to the attorneys and advisors who guide them, there are a host of issues and operational complexities that hotel owners must balance and navigate every changing day. This industry is not in perfect equilibrium, and balance is something that only comes from hard work and continual education, and even then is never guaranteed. Imagine what can happen when you let go of the reins completely?

Through this blog – Owner’s Equity - I hope to bring to light owner issues, whether commenting on current news or reflecting on experiences in my own practice, so that we all may feel a bit more protected from all the cotton-headed ninny muggins out there. I look forward to sharing my perspective – the owner’s perspective – in the pursuit of enhancing the collective voice of hotel owners, and all who support them.

6/23/2016

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Fed up with fees? Me too

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Recently in the press, comparisons have been drawn between the hotel and airline industries, and for those just tuning in, it's not in a compliment.

The criticism and accompanying data portray hotels as greedy predators, layering on fees to unsuspecting guests, in an effort to gouge the general public in the name of more profit. While the data published does support a significant increase in assessed fees to consumers in recent years, it fails to acknowledge the drastic rise in expenses to operate a hotel today, including everything from labor and cost of customer acquisition to increasing insurance and real estate taxes, which collectively are on pace to exceed the rate of revenue growth in 2018.

And, like the airlines, the hotel industry tends to operate better when it's profitable, and coming up with new ways to enhance margins has long been a strategy employed by the service industry.

As an advocate for the hotel ownership community, I'm keenly focused on profits, but I also understand the importance of balancing guest expectations to ensure we keep "hospitality" in the hospitality business. Toward that end, I'd like to make a distinction about fees.

I believe there are two general categories of "fees" worth examining. The first, corresponding to a privilege, convenience or enhancement of one's stay, including items such as higher-

speed internet, club lounge access or an enhanced category of room type, all which can be likened to upgrading from coach to first class.

I would also include in this category the privilege (or choice) to book through an alternative channel (at higher rate and no earned points) as opposed to booking direct, or cancelling or changing a reservation within a short window of arrival. Again, this is the norm in the travel industry, and also puts the guest in the driver's seat with respect to choices and decisions about their stay. Although hotels may be late adopters, I believe these fees are warranted now more than ever.

The second category of fees can be characterized as "cost recovery" and seem to be the most inflammatory to guests, who draw little parallel between the assessed fees and hard costs. They know it doesn't cost hotels more money to give guests access to a fitness center or basic internet, so why the fee? In many instances, hotels are introducing a fee in one area to cover costs and mitigate lost revenue in others.

And while it is certainly effective from a cash flow standpoint, this practice serves to create a wedge between hotels and their guests and can fly in the face of being hospitable. "Urban" resort fees are a recent example of this type of fee, which has been hotly debated in the media lately. In one article I read, hotels were referred to as "predators" and the practice "unconscionable."

Ouch.

As a representative of ownership, this is certainly not the intention, nor the perception we wish to perpetuate. We find ourselves in a difficult position, yet we could not empathize more with our guests. We too are tired of being nickeled and dimed by the "industry" at large. We see little to no value in the rising fees we're faced with, including everything from rising brand fees to the extraordinarily high cost to acquire a guest stay through an intermediary.

I'm not sure what the answer is, and in all instances, I will defend the bottom line of the owners (always), as we continue to battle the new reality and operating environment with which we must contend. But, I do believe a new paradigm is in order regarding the way in which we connect with our guests, deliver value that makes hotels a first choice and not a necessary evil (sorry, airlines!), builds REAL guest loyalty, and sustains a profitable operation for owners today and in the future.

Thoughts?

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Attack of the silent profit killers

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Do you remember the Stephen King book (and later, movie) “The Mist,” starring an eerie vapor that rolls into town wreaking inexplicable havoc on its people? Well, that’s kind of how I feel about some of the expense trends we’ve seen this past year – many unsuspecting, silent, stealthy costs growing at an alarming rate and wreaking havoc on our profits!

While there are several expenses that fall into this category, I want to highlight two in particular that I would categorize as “silent killers”. These two expenses, eating into our most profitable rooms department, should be closely examined and discussed with property teams.

The first: Group commissions. There is a heavy emphasis on strategies for shifting share from OTAs to direct bookings in an effort to reduce commissions on the transient side. But for many hotels, the cost of group commissions can be equally, if not more, detrimental to the bottom line. Across our big-box hotels, we have seen staggering increases in group commissions in 2017, with minimal growth in group rates and ancillary spend, creating a double hit to profitability. To provide a sense for the impact, group commissions for one of the convention hotels in our asset management portfolio increased nearly 27% year-over-year, representing a US$700K increase YTD through September. As a percentage of group room sales, this property experienced an increase of more than a point, representing 10% of total group revenue… alarming.

While the intermediaries booking group business are not going away anytime soon, it is important to acknowledge these costs (today, and in future) and incorporate into business evaluation tools and pricing strategies (of both rooms and food and beverage) to accurately assess opportunities and ensure that profit goals are met. It will also be important to recognize these expenses as part of the budget process this year as part of the overall business strategy for 2018.

The second: Credit card commissions. These are related to the first. When the OTAs instituted the "pay later" option a few years back, we saw a modest increase in credit card commissions, as these fees shifted from the OTAs to properties. In more recent years however, the biggest culprit driving up credit card fees are groups. What was once paid for by wire transfer at essentially no cost to the hotel is now paid by credit card by many groups (looking to collect their points, no doubt!), costing hotels exorbitant fees, further compounding the "hit" against group revenue.

We all acknowledge the collective challenge the industry has had in increasing rates. But, coupled with these, among other silently creeping expenses, we estimate that net group rates have declined considerably in recent years, yet we don't hear much about it.

Perhaps brands should focus next on "Book Direct" campaigns for groups and leverage pricing power to negotiate reduced credit card commissions… we'll add it to the owners' wish list!

In the meantime, be mindful of these two "silent killers" of profit this budget season and work with your operating teams to be sure strategies are developed to mitigate impact – whether it be pricing adjustments to off-set commissions, or pass through on credit card fees, there are measures that can, and should, be taken.

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Scale: The new secret weapon of brands

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I recently moderated a panel of owners and operators at ALIS (Americas Lodging Investment Summit) during which I asked the following question: “Is bigger better when it comes to brands?” The panelists, which included top lodging REITs and operators, debated both sides, citing recent brand consolidation as both an opportunity and cause for potential concern.

Most agreed that consolidation ultimately serves to limit the number of parent-brand options, along with owner negotiating power and likely distribution, with so many individual brands operating under one umbrella, slicing the pie rather thin in select markets. On the flip side, most agreed that the benefits of scale had the potential to flow to owners in the form of purchasing power and leverage in negotiating with intermediaries, arguably one of the single biggest threats to hotel profit margins in recent years.

In 2017, the industry witnessed several brands playing hardball with the OTAs to varying degrees of success in reducing commissions. But in all instances, fees were lowered. And, although owners had to sweat it out during the negotiation, as OTAs threatened to pull hotels from sites if a resolution was not reached, the situation ultimately resulted in a win for brands and their owners.

Fast-forward to 2018, and brand giant Marriott International already has taken steps to reduce fees in an area I covered in a previous blog, “Attack of the silent profit killers” – group commissions, which have been increasing at a faster pace than group revenue, significantly impacting profitability. As I noted then:

"There is a heavy emphasis on strategies for shifting share from OTAs to direct bookings in an effort to reduce commissions on the transient side. But for many hotels, the cost of group commissions can be equally, if not more, detrimental to the bottom line. Across our big-box hotels, we have seen staggering increases in group commissions in 2017, with minimal growth in group rates and ancillary spend, creating a double hit to profitability. To provide a sense for the impact, group commissions for one of the convention hotels in our asset management portfolio increased nearly 27% year-over-year, representing a US$700K increase YTD through September. As a percentage of group room sales, this property experienced an increase of more than a point, representing 10% of total group revenue… alarming."

Well, perhaps Marriott has answered our prayers once again, as owners were informed of a new commission structure, aimed at lowering group intermediary compensation. Effective March 31, 2018, commissions will be reduced to 7% from 10% for all Marriott-managed and -franchised properties in the U.S. and Canada. While the impact will vary by hotel, at a larger convention hotel (800 to 1,200 rooms) with significant group business, this 3-point reduction could approximate upwards of US$1 million in incremental profit – not too shabby.

Of course, with any new initiative there are caveats, as owners now contend with the fine print on timing, existing contracts, various intermediary exclusions and other factors suggesting that the savings will not be realized entirely in year one, and in fact could be several years down the road given the longer window of group bookings. Similarly, there has already been some backlash from meeting intermediaries on this move, so it remains to be seen as to what impact, if any, this will have on influencing their decisions on where to book.

In the meantime, caveats and all, we applaud Marriott, and other major brands that decide to follow suit, and continue to flex their muscle where it matters most to owners: the bottom line.

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Diminishing returns: The growing impact of group commissions on profits (Part I)

(The views and opinions expressed in this blog are strictly those of the author.) As an industry, we have dedicated a considerable amount of time discussing and debating the impact of OTAs and in particular, market share and costly commission structures. This stands to reason, as transient business (including corporate and leisure guests) booking through these channels represent the lion's share of room nights for hotels. However, the issue of intermediaries and costs related to group business is of equal concern, and in some cases represents even higher commissions that continue to increase at a significant pace.

In a recent blog post, Attack of the silent profit killers, I touched on this issue: "Across our big-box hotels (15), we have seen staggering increases in group commissions in 2017, with minimal growth in group rates and ancillary spend, creating a double hit to profitability. To provide a sense for the impact, group commissions for one of the convention hotels in our asset management portfolio increased nearly 27% year-over-year, representing a US$700,000 increase YTD through September. As a percentage of group room sales, this property experienced an increase of more than a point, representing 10% of total group revenue… alarming."

Today, we have some new data on the subject that further validates my concerns. No other organization has dedicated more time and expertise to highlight the impact of intermediary expenses and develop specific tools to help navigate this new landscape than Kalibri Labs, which

recently published a special report entitled U.S. Groups & Meetings: The Economics and Complexity of Intermediation, which speaks to this very issue.

Highlights from the study:

- Current group and meetings business in the U.S. approximates US$300 billion;
- Of which, US$140 billion is spent on rooms;
- Of which, US$30 billion represents room rental revenue, and the balance spent on F&B, ground transport, audio visual and other ancillary requirements; and,
- Bringing this down to the property level, groups and meeting represents on average 15% of room nights across all segments, but in the 30% to 35% range for full-service hotels (with ADRs of $220 or more).

The study goes on to share that small meetings, defined as requiring under 100 rooms on the peak night, make up almost three-fourths of the meetings in the U.S. (although only 28% of meetings revenue). Key take away here: smaller meetings, lots of sales effort and unique space requirements needed.

The increasing role of intermediaries in group business is further compounded by the "groups and meetings ecosystem … which entails a complex process from the point at which an event is contemplated through to its execution … many intermediaries involved at various points in the value chain which adds to the process' fragmentation and ultimately its costs."

Just how much are these intermediaries costing hotel owners?

- In 2017, 43% of group business was intermediated (versus booked direct), and is projected to increase to 60% by 2022;
- Cost of acquisition has risen dramatically over the past five years, paying from 15% to 35% for many pieces of group business, and could conceivably double by 2022;

- Group booking intermediation is expected to evolve further to include a combination of third-party planners and third-party technology providers, so the rate of intermediation will grow; and,
- A larger percentage of smaller-sized groups (remember those representing three-quarters of group rooms booked!) will be sold through intermediaries.

What do I think brands/operators should do about it?

- Major brands should continue to leverage their size and scale to negotiate lower group intermediary commission rates and fees. Marriott International was the first to step up to this challenge, lowering commissions 3 points, effective March 31, 2018. Owners hope that other brands will follow suit.
- As the Kalibri study suggests, now is the time for the hotel industry to introduce "digital processes that improve work flow and customer experience and consider ways to avoid commoditizing the meeting experience." Specifically, seek opportunities to increase ease of booking and establishing pathways and methodologies to reduce costs. This sounds like a call for investment in technology to me and it's the brands that need to step up to make this happen, not only for owners but also to stay relevant themselves.

As always, knowledge is power. And, while the data surrounding just how much of our meetings revenue is going elsewhere can be discouraging, it's the first step in thinking strategically about how we can improve profitability and hold all stakeholders accountable (brands, operators, asset managers, owners, service providers) for tackling this issue together.

Tomorrow, in Part II of this discussion, I will be outlining some of the strategies hotel asset managers (and their owners) should be thinking about to optimize sales performance and mitigate the impact of growing group commissions and fees.

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Diminishing returns: The growing impact of group commissions on profits (Part II)

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In Part I of this series yesterday, I outlined the issue of increasing group commissions, summarized findings from a related study published by Kalibri Labs, and shared growing concern for the impact of group commissions on owner profitability. While the industry is optimistic that major brands will continue to wield their scale and influence to lower group intermediary costs, as many have done with traditional OTAs, the impact on short-term profitability is significant and should be addressed in any and all ways possible.

So, this begs the question…

What should owners do today?

It is important that owners consider all factors – from the intermediary booking process to the incremental costs (direct and indirect) – as part of the hotel strategy, and hold operators to task on analyzing and developing key initiatives around:

- Sales team organization, deployment and incentive structure (both property and regional teams);
- Strategically evaluating sales and marketing departmental expense structure, to ensure resources are aligned with goals and in light of industrywide changes in how the customer is booking;

- Ensuring your operator is effectively using all available tools (e.g. Passkey for upselling, upgraded RFPs, hotel-specific promotional calendars, etc.);
- Group pricing strategies today and in future;
- Optimal mix of business and channel contribution;
- Intermediary contribution/cost and targeted sales efforts;
- Opportunities to differentiate group offerings in a market that has increasingly become price-driven through the RFP process;
- Revenue management (of guestrooms and meeting space) and net group revenue analyses;
- Negotiating strategies and value-add (what can your hotel bring to a group that no other hotel can … think access and exclusivity);
- Ancillary revenue and key decisions surrounding outsourcing (could it be time to take AV back in house?);
- Looking for opportunities to lower related expenses, e.g. examining policies surrounding group use of credit cards (offering incentives to pay cash could be more profitable and looking at loyalty-related costs, etc.);
- Examining if there is a more profitable use of meeting space or whether it can be reconfigured to generate higher occupancy and profit? and,
- Considering what the future of group business will look like and what should owners be thinking about today to address future needs (online booking processes, smaller groups, virtual meetings, technology, flexible space, etc.).

As the industry continues to contend with disruptive forces, the owners (and the advisors) that are able to anticipate challenges early, and remain nimble, creative and strategic in their approach, will be most successful (and profitable!) in today’s operating environment.

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Diminishing returns: The growing impact of group commissions on profits (Part III) – Hilton makes a move!

(The views and opinions expressed in this blog are strictly those of the author.)

Admittedly, I did not anticipate a Part III in this blog series, but the timing of Hilton's announcement (today) to join in the brand battle to lower group commissions was perfect.

In the first blog of this series, I commended Marriott International for wielding its size and scale to tackle the issue of rising group intermediary commission rates. (Read the second blog, on possible solutions, here.) It was the first to step up to this challenge, lowering commissions by 3 points, to 7%, effective March 31, 2018. I had also commented that I hoped other brands would follow suit.

Well, guess what? Hilton did just that.

In a letter to owners issued today, Hilton acknowledged the important and integral role group intermediaries play in meetings and events business, and highlighted the value of such travel professional partnerships. At the same time, Hilton acknowledged the need to balance the needs of all parties, to the benefit of all stakeholders - customers, hotels and ***owners***. Hilton went on to announce a revision to its base group sales commission rate to seven percent for bookings into participating hotels in the U.S. and Canada, effective October 1, 2018.

We're moving in the right direction. The obvious question: Who's next?

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Owner perspective: Marriott’s new loyalty program

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Marriott International announced this week long-awaited plans for how it will be formally combining all three of its running loyalty programs – Marriott Rewards, The Ritz-Carlton Rewards and Starwood Preferred Guest (SPG).

Marriott reiterated its intent to combine the three separate programs into a single loyalty platform – with a new name to be revealed at a later date – with a goal of optimizing value for its members, as well as for owners. Recently announced changes will go into effect in August 2018, keeping the three program names until with the consolidation is completed with full roll-out anticipated to occur in early 2019.

From an ownership standpoint, major gripes with all hotel brand loyalty programs (not just Marriott) in recent years have included issues such as:

- How reimbursement for loyalty stays are calculated (or not calculated) as a function of brand-determined occupancy thresholds, and often at a flat, reimbursable rate if very high occupancy levels are not met – a practice inconsistent with optimizing bottom-line profits;
- High costs associated with brand promises to support loyalty member perks, as well as program costs overall;
- Disproportionate redemptions and cost for resorts;
- Limited control of redemptions (no blackout dates);

- Whether “loyalty” programs even drive “loyalty”; and,
- ADR erosion associated with lower rates offered through “Book Direct” campaigns; among many other issues.

Needless to say, owner skepticism surrounding loyalty programs is real. However, Marriott recently shared details about some of the anticipated changes to its loyalty program that are increasingly focused on owner economics, expected to deliver significant annualized property cost savings. Some of the changes address traditional gripes, which is promising. Of particular note are changes to reimbursement policies, compensating more nights as a percentage of daily ADR. This is an area I have addressed in a previous blog, “Looking for redemption,” drawing criticism around the method by which hotels were reimbursed for loyalty point redemption stays, so improvement in this area, as well as in others, should be well-received by the ownership community.

It has been reported that hotel owners should see costs associated with paying for point redemptions at their properties lowered by roughly 20%.

Highlights of member-facing benefits recently announced by Marriott, many resembling SPG program elements, include:

- Seamless access to redeem points across 6,500 participating hotels on one platform;
- New point structure allowing members to accumulate points faster and achieve elite status sooner (on average, members will earn approximately 20% more points for their spend);
- Elevated benefits, such as Breakfast for Platinum and Platinum Premier extended across 23 brands (Courtyard, Moxy, among others), and in certain instances, F&B credits;
- Peak- and off-peak redemption rates;
- Moments program will be expanded, adding more than 110,000 experiences;
- Lower point thresholds to obtain Elite status;
- No blackout dates or capacity controls;

- One-time conversion of existing SPG Starpoints member balances at a rate of 3 points for every 1, as they roll into the new program; and,
- Other changes and benefits now outlined on the member section of the Marriott website.

While several of the above-mentioned member benefits signal potential cost implications for owners, such as breakfast, cost of perks associated with status, among others, Marriott has assured owners that these changes will not impact anticipated net annualized property cost savings related to the program.

As with all brand initiatives, we remain cautiously optimistic, and suggest owners collaborate with their property teams to anticipate and track the impact, while also encouraging them to identify top-line revenue opportunities that may be harnessed through this soon to be combined, massive program of 110 million members.

Peter Cole, managing director, business integration, at Marriott International addressed hotel asset managers at the recent Hospitality Asset Managers Association spring meeting, sharing that the overlap of members between the Marriott Rewards and SPG programs was only 11% (of 110 million members). This was both surprising and encouraging, suggesting an incremental base of business that has yet to be fully tapped on both the transient (leisure and corporate) and on the group side. Strategies for leveraging the rewards system is another key area in which owners should be focused with their property teams, as untapped potential is explored.

We trust the promise of Marriott to maintain the overall cost savings, while also recognizing that how the savings is divvied up across the portfolio could potentially vary. We look forward to additional details as the new program continues to unfold, while taking note of those costs or opportunities that may be relevant on a specific brand or market level, and the impact on owners and individual investments.

In the meantime, any guesses on the new name? I'm thinking MPG has a pretty nice ring to it.

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It's lonely at the top…Let's change that! (Part I)

(The views and opinions expressed in this blog are strictly those of the author.)

This past October at the ISHC Annual Conference, I had the unique opportunity to sit on a panel entitled "Paving a Brighter Future for Women in Leadership." The panel was led by Peggy Berg, well-known hospitality consultant and investor, gaining more recent recognition for her latest venture, The Castell Project. The Castell Project is a nonprofit focused on strategies for advancing women into hospitality leadership positions through specialized training, corporate support and engagement, and targeted research tracking the hospitality industry's performance and progress in this regard.

Research published by the Castell Project shows that while women comprise approximately half of the workforce (and make 75% of all travel decisions impacting our industry) less than 10% of the most senior positions in hospitality companies (CEO, president, partner) are held by women, lagging other industries and making little improvement in recent years. It doesn't take a full-fledged study to see this in real life. Take a look around the lobby (or at the panelists) at the next industry conference you attend, and you'll quickly get the picture.

Personally, I had always felt quite proud of my own organization, in which about 50% of our senior leaders and partners are female. So, I'm doing a good job right? Well, yes and no.

I have always sought to hire the best and brightest people, and those who are with us today in the senior ranks have earned it, whether male or female. But recognizing the gravity of the issue on a larger industry scale, and understanding better the root cause, is not something I can say I've been as in tune with as perhaps I should. Nor have I actively socialized and attributed our company's success to the diversity we have achieved or focused on ensuring we maintain this balance.

Perhaps there are others out there who share similar thoughts. You don't see the problem because you think you've solved it, or it doesn't appear to be an issue within your company.

The question is whether you have really looked at the data and what it's telling you within your own organization. You may have X number of women in leadership positions, but what is the right number and how many more are capable and waiting in the wings? Or, perhaps you empathize with the issue but aren't quite sure what you can or should do about it?

After much reflection from participating on this panel with Peggy and discussions with senior colleagues, I've concluded that my role is not done. And, in fact, to really move the needle, it's just beginning.

I have learned a great deal through this experience, including the role of unconscious bias that both men and women bring to this issue. I look forward to further exploring the impact of unconscious bias in Part II of my blog, as well as sharing some thoughts on how we (men and women in leadership) can ride the wave of needed change which appears to be gaining tremendous momentum and support greater gender diversity within the hospitality industry together.

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It’s lonely at the top…Let’s change that! (Part 2)

(The views and opinions expressed in this blog are strictly those of the author.)

In Part I of this series on gender equality, I shared research published by the Castell Project demonstrating that women comprise approximately half of the workforce (and make 75% of all travel decisions impacting our industry), yet fill less than 10% of the most senior positions in hospitality companies (CEO, president, partner), lagging other industries and making little improvement in recent years. In Part II of this series, I’d like to explore some of the factors contributing to the lack of women in leadership positions within the hospitality industry.

It is a statistically proven fact that the greater gender diversity (and diversity in general) of an organization, the greater the profitability. This has been proven time and time again across many industries, and I’ve seen it first-hand within my own organization. So the burning question is, why haven’t we been more successful in moving women up the ladder, even when it makes sound business sense?

While there are several factors, much can be attributed to unconscious biases, which are the assumptions built into our decision-making – shaped by culture, background, environment, collective experiences, upbringing, etc. – that allow us to function efficiently, except when they don’t. It is the internal lens that guides countless decisions that we are not even aware we are making throughout the course of a given day.

Here is a common example used to demonstrate unconscious bias:

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You walk into a doctor's office for a consult on a surgery. Two people, a man and a woman, enter the room wearing white coats. You direct your questions about the surgery to the man, who turns and replies, "Best to let Dr. Smith answer that. She is your surgeon. I am her assistant."

By the way, the patient in this example is a woman, who has a successful career. So why did she assume the male in the white coat was the surgeon? She just did. That's how unconscious bias works. Bias is not a man thing or a woman thing; it's a human thing.

As Peggy Berg, director of the Castell Project, shared, "I'm a woman, working on a nonprofit to advance women, and I had no idea how strong my biases against women were. They sneak up on me. They seem intractable. Overcoming them has been an exercise in awareness and self-discipline. And it's been so very worthwhile."

So, if women are susceptible to bias against other women, what about men? We'd all like to think that we don't exhibit biased behavior, but the reality is, we do – even well-intending, compassionate, supportive men who believe elevating women in the workplace should be a priority. And, because this happens at such an ingrained, unconscious level, it all too often remains unchallenged, which is part of the reason we have the situation we have today in our industry. If we can't see it, it doesn't exist.

How can we change this?

What can leaders do to address unconscious bias in the workplace and continue to promote the elevation of women in our industry?

- First, recognize that unconscious prejudices do exist!
- Change the paradigm internally. Diversity shouldn't be regarded as a "requirement" but rather as an opportunity to enhance a company's culture and bottom line.
- Challenge your leaders to identify signs of gender bias. Is the female in the meeting always taking notes or delegated the "party planning" tasks? Shake it up and assign men nontraditional roles to create a more equal playing field.

- Look for opportunities to illuminate bias in recruiting and hiring. It's amazing how much unconscious bias can influence decisions even for the most well-intended professionals. Find ways to remove it so it doesn't come as readily into play. Consider "gender blind" resume screening and balancing gender applicants for positions at all levels, and in particular at the senior level.
- Create a clear path to the top (for women and men) and socialize heavily within your organization. What does that look like and how can the team support one another in getting there?
- Recognize that specific training is available for women to navigate unconscious bias and conditions that may hold them back beyond their control. As Castell points out, "Most companies do not have the internal capacity to offer top-caliber, gender-focused, leadership development to their high-potential women. Yet with the right leadership development, companies gain loyalty and improved productivity from their most valuable employees."
- Last, have honest and open conversations about gender diversity within your organization and make it a priority. Look at the statistics for our industry (2019 Castell Study: Women in Hospitality Industry Leadership).

This is not a "women's" problem. It's an "industry" problem. And, in fact men can and should be every bit part of the solution.