



DESIRES™
hotels

AGENDA

- ▶ **Tecton/Desires History**
- ▶ **Lovemark and Promise**
- ▶ **Business Philosophy and Culture**
- ▶ **Operating Philosophy and Standards**
- ▶ **Summary & Recent Achievements**

Tecton/Desires Hotels History

- ▶ **Tecton was founded in 1984 to stabilize troubled properties for RTC, FDLIC.**
- ▶ **1995 –Introduced new operating infrastructure for Tecton for franchise hotels**
- ▶ **2001- First modern boutique hotel The Wave Hotel – South Beach**
- ▶ **2002- Flagship Water Club Hotel , San Juan**
- ▶ **2004- Created “Your Desires” loyalty program**
- ▶ **2005- Formed Desires Hotels Boutique Division**
- ▶ **2007- Opened first New York City Hotel on Times Square (Hotel Mela)**
- ▶ **2008- Began to market the Desires Hotels Collection brand**
- ▶ **2008- Opened first boutique hotel in the Midwest – Milwaukee (Iron Horse)**



The bottom left finds you in the **Low Respect and Low Love** quadrant. This is the positioning of classic commodities. Public Utilities, low value transactions. Essential to our lives but going nowhere. Zero brand heat.

Now, move across to the bottom right quadrant to **Low Respect and High Love**. This is the land of fads, trends and infatuations. Last month's gotta-haves. Next month's has-beens. Hairstyles and Pop Stars. You can have a lot of fun down here but you won't get Loyalty Beyond Reason.

The **High Respect and Low Love** quadrant in the top left of the axis is where most major brands are stuck. Functional benefits, solid performance, and always fixed on those "e-r" words. Newer, brighter, stronger, bolder and worst of all - cheaper. Needed but not desired.

High Respect and High Love is the place to be. The top right of the top right hand quadrant. This is Lovemark territory. Only here, stretching for high love and resting on high respect, is where deep emotional connections are made.

Remember only the customer can decide Lovemark status. And they'll only do it for brands that are up there in the top right, where the sun always shines.

Love Mark- Our Owners

“Desires Hotels is a unique collection of independently created modern lifestyle boutique hotels. They each have their own singular design & aesthetic but are connected to each other by a culturally inspired team of associates, and proven successful business processes . These ingredients combine to create a profitable hotel for our owners.”

Our Promise

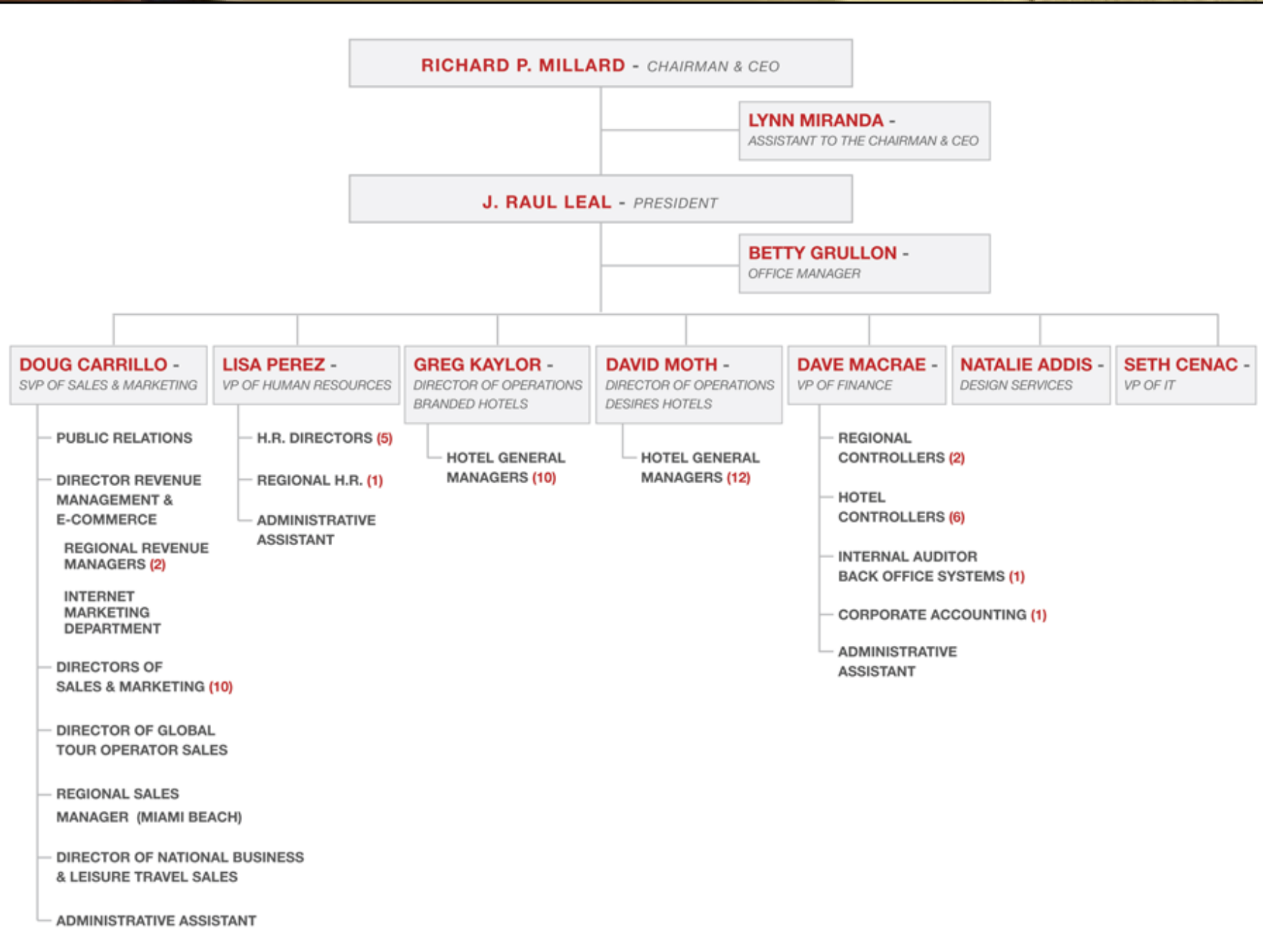
“ Great Design-Great Service-Great Profit “

Love Mark- Our Consumers

“Desires Hotels is a unique collection of modern lifestyle boutique hotels. They each have their own singular design and aesthetic but are connected to each other by a culturally inspired team of associates delivering exceptional friendly and efficient service, and a personalized customer loyalty program aptly named “Your Desires”. All of these ingredients combine to create a love affair between our guests and the hotels they stay in.”

Our Promise

Unexpected Amenities in Stylish Settings !



BUSINESS PHILOSOPHY & CULTURE

- ▶ Culture is the engine that drives profit.
- ▶ Think like an owner. All operating strategies and day to day decision making must be ROI driven and geared towards asset value enhancement.
- ▶ Instill an entrepreneurial and creative environment in all hotels. Move faster and innovate more than the competition.
- ▶ Surround ourselves with great people encouraging associate innovation through empowerment and rewarding positive results.

A photograph of a hotel room. In the foreground, a bed with a white sheet and a green and white striped blanket is visible. To the left, a dark wood nightstand holds a lamp with a white shade and a glass vase. In the background, a doorway leads to another room with a red and yellow patterned wall. The entire scene is framed by a red border.

BUSINESS PHILOSOPHY & CULTURE

- ▶ **Focus on compliance with SOPs and drive the Quality Improvement Process through external and internal customer involvement.**
- ▶ **Utilization of technology as a means to improve revenues, operating efficiencies, and internal communication.**
- ▶ **Execution and “getting it done” is all that counts. Performance Bonuses based on Net Operating Income improvement.**



OPERATIONS

- **Standard operating procedures by discipline developed exclusively for Desires Hotels and adaptable by project. (MOVES)**
- **Specific service standards developed exclusively for Desires Hotels augmented by consistent training practices.**
- **Comprehensive [extranet](#) with features to assist on property operations team.**
- **Consistent comprehensive internal audits measuring key profit and quality indicators.**



OPERATIONS

- **Mystery shopper program linked to SOP compliance.**
- **Quality improvement process focused on improving operating efficiencies and sharing of best practices among hotels.**
- **Expertise in giving style and functionality direction to interior designers of boutique hotels.**
- **Strong alliances with the top boutique restaurateurs.**

SALES & MARKETING

- ▶ Websites for consumers (www.desireshotels.com) and travel agents (www.desireshotels.com/agents) promoting the collection of hotels to enhance distribution and drive higher revenues for the hotels.
- ▶ A Customer Loyalty Program aptly named **“Your Desires”** that allows us to track customer preferences along all boutique hotels and increase repeat customer business and deliver personalized service.
- ▶ Experience in dealing with high end boutique public relations firms as well as creative agencies. Desires works with a cadre of firms that are chosen based on the unique characteristics of each of our boutique hotels. We have a mentality that “one size does not fit all” and since we are here to build “your hotel brand” that is the center of our approach. Even so Desires Hotels does have a creative agency ([Open Ocean Creative](#)) and public relations firm ([KVD Communications](#)) to assist the hotels if needed and to further promote the collection.



SALES & MARKETING

- ▶ Our e-commerce efforts are bar none and our boutique hotel websites produce some of the highest ratios of direct versus indirect web bookings in the industry for independent hotels (45:55). This is accomplished through partnering with some of the best technological providers in the industry ([The IDT Group](#)) and proprietary cutting edge internet marketing strategies/processes (SEO,SMO,PPC,CGM) delivered by a dedicated internet marketing company ([Sandia Travel Marketing](#)) . Our data base management System [GMS](#) allows greater marketing capabilities across all hotels. Further our [e-marketing portal](#) provides analytical and educational resources to assist our hotels in maximizing the internet merchandising capabilities.
- ▶ Desires Hotels own marketable chain code (“BT”) on the GDS set up to electronically market the collection to travel agents as well as a central and private label reservations call center in Dallas for travel agents and consumers .
- ▶ Preferred Relationships with online travel agencies such as Expedia, Travelocity , Hotels.com and Orbitz that assists with attaining better margins and placements within these important distribution partners.

SALES & MARKETING

- ▶ **One of the only professional boutique hotel operators with an automated revenue management system, powered by IDEAS RMS, that rivals that of many sophisticated franchise hotel companies. This enables the revenue management teams at the hotels to outperform their competitors.**
- ▶ **Direct sales accountability through adherence to Standard Operating Procedures and General Managers involvement in the sales process.**
- ▶ **North American Leisure/Business Travel Sales Director and Director of Global Tour Operator sales in New York and Miami respectively, dedicated to the travel agent and tour operator segments domestically and internationally.**
- ▶ **GSA offices located in Buenos Aires and Sao Paulo offering direct sales (to travel agents and tour operators) , marketing and public relations support for the hotels in the collection from South America.**
- ▶ **Annual Trade/Road show calendar to feeder markets domestically and internationally promoting the collection of hotels.**

SALES & MARKETING

- ▶ **Synergies in the direct sales effort by utilizing staff at the hotels to cross sell and market products in major feeder markets.**
- ▶ **Key/Target Account Management – Analyzing who the top producers are for our hotels/competitors and targeting accordingly. Strong direct sales efforts towards luxury travel agencies such as Virtuoso and Amex Fine Hotels & Resorts as well as business travel consortiums.**
- ▶ **Strategic Quarterly Action Plans focusing on need dates and key/target accounts.**

SALES & MARKETING

- ▶ Quarterly reservation Sales training & monthly “Mystery” Shops..
- ▶ Annual Direct Sales/Revenue Management training with Web based reinforcement.
- ▶ Incentive program (team and individual) based on exceeding budgeted revenue expectations for Rooms and Catering.
- ▶ Comprehensive End of Month Reports.
- ▶ Monthly/Weekly Website/GDS/Internet Distribution Analysis.
- ▶ Enterprise Web based sales automation ([Hotel Sales Pro](#)) , company wide, to help increase sales productivity.

FINANCE

- ▶ Detailed accounting standard operating procedures are followed to insure a strong control environment is in place, thereby ensuring accuracy of the financial statements and maximum profitability.
- ▶ Internal audits insure the integrity of the financial control system.



FINANCE

- ▶ **Although the budget is always the target, each month, each hotel submits a detailed line by line quarterly forecast. This is an extremely important tool which provides management with a firm grip on the future and allows timely actions to offset losses through expense controls and maximize revenue opportunities. Forecasting accuracy is tracked monthly by hotel.**
- ▶ **Mid month updates submitted to Tecton to compare results versus forecast and budget as well as other operational issues/concerns.**
- ▶ **Strong balance sheet and cash management focus.**

A photograph of a hotel room with a bed, a nightstand with a lamp, and a doorway in the background. The room is dimly lit, with the lamp providing the main source of light.

FINANCE

- ▶ **State of the art web based accounting system allowing immediate access to hotel financial information plus consolidated and ad hoc reporting capabilities.**
- ▶ **Each hotel generates a comprehensive DAILY REPORT with revenue, occupancy, detailed segmentation statistics, “cash in the bank” and payables/receivables information.**
- ▶ **Comprehensive monthly financial statement package which includes: profit & loss statement, detailed GM’s critique, balance sheet, STAR report commentary, full year forecast update, key control checklist, sales productivity reports, GSI results.**



HUMAN RESOURCES

OUR BELIEFS

We are an organization committed to **integrity**, **honesty**, and a **passion** for **quality** and **innovation**. We have associates that love the human race and “**show their teeth**” and are **proud** of where they work. We support an environment that allows our associates to **grow** personally, professionally, and financially. We create **positive memorable** experiences for every guest. We work hard and have fun in the workplace. We **profit** from these ideals.



HUMAN RESOURCES

- A culture defined by the people who can really increase the value of your asset. Empowered associates who believe in “**US**”.
- Orientation: Hiring the right people. Tough screening processes. Job descriptions minimize ambiguity.
- **Training, training, training.** Keeping and developing the right people. Internet based e-training. Customized training programs for associates that educate them about modern boutique hotels and develop their guest service skills.
- Succession Planning (TSP) a process to identify and prepare candidates for management positions thereby ensuring continuity in leadership and successful acquisitions.
- Communicating. Listening, really listening and “**huddling**” around the people who actually do the work every day.
- **Quality** improvement. Focusing on processes that improve profit.

HUMAN RESOURCES

- ▶ Fusion Teams at the hotel and corporate level that fuel the creative process; extremely important to modern boutique hotels. The associates on these teams become creative anthropologists.
- ▶ Over the top recognition and celebrations that motivate the associates.
- ▶ Measuring the organizational climate. Twice a year Associate Opinion Survey independently managed (3rd party) and on-line with score results **over** industry averages.
- ▶ Our “**Open Door Policy**” promotes fairness, stability, and low turn-over. Claims are a non-issue.
- ▶ Packaging of national health, safety and comprehensive loss/risk management services.
- ▶ Worker’s Compensation Coverage. Progressive safety programs equal reduced claims cost.
- ▶ Company Newsletter focused on **top** achievers.

So, what is a Desire's Hotel?

- ▶ A stylish, unique, modern and lifestyle oriented boutique hotel positioned to fill a specific niche within it's' respective marketplace.
- ▶ An independent "brand" with an independent "brand promise focused on customer preferences.
- ▶ A hotel designed with a "style and substance" mentality.
- ▶ A hotel with a heavy emphasis on training, service and an efficient operating infrastructure.
- ▶ Profitable.

Recent Achievements

- ▶ **2008 HSMAI Platinum & Gold Adrian Awards “ Consumer Website Design” Desires Hotels**
- ▶ **2008 Honored as Best Hotel Management Company by Lodging Hospitality Magazine**