

# New Firm Aims to Help Hotel Owners in Distress

By Bob Howard  
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La Forgia

**HENDERSON, NV**—Former Hilton Hotels CFO Robert La Forgia and a group of other hotel industry veterans have formed Apertor Hospitality LLC to provide asset management services to the hospitality and gaming industries. La Forgia, who spent 26 years with Hilton, tells GlobeSt.com that Apertor's founders saw an opportunity to offer their expertise in the hotel and gaming industries to property owners, lenders and special servicers of CMBS loans who are looking for overall strategic guidance as well as operating expertise from industry veterans who have hands-on experience in every facet of the hotel and gaming industries.

Apertor offers a menu of services that range from a quick, two-week top-to-bottom assessment to a full operational audit. It can also take on a full-time asset management role to oversee an asset on behalf of a lender, including the management of day-to-day operations.

La Forgia tells GlobeSt.com that one of the biggest areas of demand for Apertor's services is helping "inadvertent owners" of hotels—such as lenders and special servicers who foreclose—to assess their situations and position their hotels for maximum recovery. He notes that one special servicer, citing its fiduciary duty to the trustees for CMBS loans, told him recently that it would have no qualms about foreclosing and holding certain hotels as REO and waiting for the market to improve. "If they think it is a good asset in bad times, they will hire an asset manager and seek an exit farther down the road when the business fundamentals have improved and they can deliver more value to the trustee than if they had a fire sale today," La Forgia says.

In addition to lenders and special servicers, another part of Apertor's target market is new entrants into the hotel and gaming industry who want to take advantage of current market conditions. "We help them evaluate properties and perform due diligence, and we hope to be hired as asset managers," La Forgia says. Apertor is already talking to a number of private equity funds and high-net-worth individuals who are interested in investing in the sector.

Both the "inadvertent owners" and those who are intentional new entrants into the market need to maximize the value of their properties, La Forgia points out. He says that maximizing the value involves "lots of scrubbing," explaining that "scrubbing" means scrutinizing every detail of operations meticulously to ensure that management "is doing everything in its power to produce the highest possible yield," both in terms of generating revenue and reducing expenses.

Generating maximum revenue may involve new efforts to stimulate demand for food, beverage and catering services and/or new marketing programs aimed at specific market segments. There are myriad opportunities to enhance cash flow, such as ensuring that room rates are at the right levels, ensuring that vendors are all performing as contracted, renegotiating contracts and evaluating labor productivity—to name just a few, La Forgia says.

On the cost-containment side, scrubbing means "looking at every expense in a hotel and asking if it's the lowest price you can pay for a product or service, down to the price of coffee used in the restaurants," La Forgia says. Another important element in this process is examining the costs associated with maintaining hotel brand standards, La Forgia points out. All hotel companies have brand managers for every one of their flags, he explains, and these brand standards can be very costly to maintain. Just one example: "A brand standard might be 24-hour room service, but if you're running 40% occupancy, it just doesn't make sense to have 24-hour room service," he points out.

Apertor can negotiate with brand managers in an effort to reduce the burden of brand standards, La Forgia says. He says that REO owners, especially, are not likely to think about challenging brand standards or know how to go about it, but even owners who have been in the industry for some time may also not know how to go about getting relief from brand standards. "All they know is what the brand managers tell them, and the brand managers are always looking out for the brand, which may not always be in the best interest of the hotel owner," he says.

Apertor differs from many if not most firms offering advisory services to the hotel industry, La Forgia says. "We have a team of industry experts with decades of experience in hospitality and real estate ownership, management, franchising, operations and transactions, which differentiates us from those who are professional consultants who have learned by the book rather than being on the ground and in the trenches," he says. The team members have experience in every level of the industry, from day-to-day hotel-level operations to regional and corporate positions, he adds.

Among those on the Apertor team are principal Carlos Garcia as well as senior advisers Bill Sherlock, John Mazzone, Greg Cross, K. Allen Anderson and Tony Santo. Garcia is the former SVP of hotel financial operations of Hilton and a 30-year industry veteran. Sherlock is a 37-year veteran of the hospitality and gaming industries and formerly was the COO and CEO of Foxwoods Resort & Casino in Mashantucket, CT, as well as a CEO at various high-profile hotel-casino properties.

Mazzone formerly was SVP of West operations and Hawaiian Islands for Hilton and has more than 28 years of industry experience. Cross most recently served as SVP of revenue management for Hilton and has nearly 30 years of hospitality experience. Anderson is a former vice president and senior counsel at Hilton, and Santo is a 28-year veteran of the gaming industry who formerly was SVP of operations, products and services for Harrah's Entertainment.



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