

# Hotel Business®

HOTELBUSINESS.COM

## ‘The timing is right’ for McNeill to add third-party management

By Nicole Carlino  
Managing Editor

GERMANTOWN, TN—With two years under its belt and 14 properties in the portfolio – and two more on the way – McNeill Hotel Company is aiming to take on third-party management contracts.

“We wanted to make sure that we had the various systems and people in place before we went out and looked at third party,” said Mark Ricketts, president/COO. Along with CEO Phillip McNeill, Jr., the two second-generation hoteliers have 60 years of experience between them, primarily in ownership. “Being on the owners side of the table, we asked the questions. We were owners, we know what the questions will be, and we should be prepared to answer those,” Ricketts added. He noted that this experience gives the company a unique perspective

“The first two years we wanted to make sure we have the infrastructure. We wanted to make sure we have the reporting mechanisms, the teams in place. To be honest, we also had to have some hotels,” Ricketts said. “When you’re trying to sell somebody on a dream, and we have two hotels but we say that one day we will four or five, a lot of the replies will be ‘Call us when you grow up.’ Now we have 14 hotels open and we have some success stories. The timing is right.”

Who is the company looking to partner with? “We want to make sure we align ourselves with owners that share the same ideals,” Ricketts said. “We understand the need for return on investment, the need to maintain an asset the brands are comfortable with, and taking care of our associates. We’re going to be selective in how we go through that process. We want to do this methodically and conservatively.”

In terms of sliver equity and putting skin in the game, McNeill said “We’re open to all opportunities. It’s dependent on whether it fits with our goals and philosophy.”

Whether third party or owned, the company has the same philosophy about growth. “We’re not going to grow for the sake of growing,” McNeill continued. “It’s going to be strategic whether it’s acquiring existing hotels that are a good strategic investment for us or it’s the right market we find there’s a certain need to develop a hotel in. It’ll depend upon opportunistic investments, but we’re not growing for the sake of growth.”

The company recently retained Robert Douglas, an investment banking firm, to raise an initial commitment of \$50 million of joint venture capital to accelerate the roll-out of the firm’s portfolio, which focuses on brands from Hilton and Marriott, primarily in secondary markets in the South.

McNeill noted construction costs have crept up, “so we’re seeing a little more difficulty finding development opportunities than we have over the past 24 months. We do see some opportunities in acquisitions. There are some markets we’ve seen that still have value.”

At press time, the company had plans to open a Hampton Inn & Suites in Germantown, TN in late March, and recently broke ground on a Homewood Suites in Athens, GA, expected to open May 2018.

Acknowledging that the bulk of the portfolio is in the South, Ricketts said, “We’ve always had the Southeast as our sweet spot, with the Southwest, but we started exploring the Midwest and we think there are opportunities. We’ve been in the Mid-Atlantic with (the Residence Inn) in Morgantown, WV. We’re starting to move out from our stronghold of the Southeast, but I don’t know if we’ll ever go coast to coast. We probably see ourselves in Middle America, so to speak.”

The company also sees opportunity because of Marriott International Inc.’s acquisition of Starwood Hotels & Resorts Worldwide Inc. As a company that operates Marriott- and Hilton-branded hotels, the addition of the Starwood brands has opened up possibilities. “It’s definitely opened up some opportunities maybe we wouldn’t have been able to pursue because there’s already a Courtyard or Residence Inn,” Ricketts

# 92

**McNeill Hotel Company**  
Germantown, TN

---

gross annual revenue (end of ‘16).....	<b>\$52.1M</b>
# of hotels (end of ‘16).....	<b>14</b>
# of rooms (end of ‘16).....	<b>1,424</b>

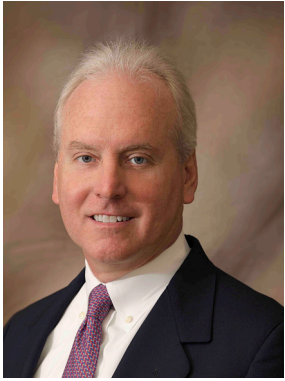
---



Mark Ricketts  
McNeill Hotel Company

---

## McNeill Hotel Company



Phil McNeill  
McNeill Hotel Company

said. “We’ve had a couple of discussions recently to look at Aloft or Element, so it’s given us some more options in some markets that maybe we thought were closed to us prior to that.”

Looking back on the formation of the company, McNeill said, “We’ve witnessed a lot of best practices, been involved in a lot of companies and felt the timing was right to create a company with the values we’ve seen work best.”

Chief among those best practices is flexibility, McNeill noted. “There are

other third-party groups that have expertise in a lot of the functions we need to operate as a company; that was one of the bigger things we saw early on, that opportunity to use some of those third parties, whether it’s revenue management, accounting or back of the house. As technology evolves, with these third parties, it burdens them with keeping up to date as opposed to us,” he said.

“It’s the nimbleness that allows us to move in different directions,” Ricketts added. “We didn’t want to have a burdensome office structure where we had 30 people and only 15 hotels. We wanted access to other people far more knowledgeable in certain aspects. In doing that, we’re not burdened by some overhead costs that may prevent us from doing some things in the future. In this day and age, where you’ve got to



Courtyard in Nashville Green Hills, TN

react much more quickly, you need a team that’s more nimble, multi-functional.

“We strongly believe in the balance scorecard,” Ricketts added. “We want to be best in class, but I think we want to recognize the human spirit.” He noted that the company offers eight hours of volunteer time off to each associate and has created a fund for each hotel to participate in various charities, with a matching fund at the corporate level. This year has been designated as “the year of giving back.”

“Our mission statement is people serving people. That’s very important to us,” McNeil concluded. **HB**