

MANAGING

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COFFEE WITH: WILLIAM MORRISSEY



Diversity Coach

Les Haughton

Hire people like your clientele

Q At my previous employer, no effort was made to recruit Hispanic employees. Is this wise, considering that the populations of the markets that they serve are becoming more Hispanic?
Miguel Tudela, business development consultant

Your previous employer had no obligation to hire Hispanic employees.

I do, however, find it very surprising that some companies with substantial business opportunities in Hispanic markets do not hire talented employees who understand and can relate to the customers they serve.

The obvious danger of not hiring more Hispanic employees can mean the loss of substantial business. Hispanic Americans collectively have more than \$550 billion in buying power.

In 1990, I was a vice president for a 1,200-store chain that merchandised products focused on prices under \$10. Most of the stores were in densely populated urban centers, and most of the customers were black or Hispanic.

The senior management team was dominated by white males who looked down on low-income, minority consumers. I was recruited to help "change" the way some of the managers thought about minority customers.

During a trip to the Los Angeles market the day before Halloween, the CEO, president, senior vice president of the region, five district managers and I visited a high-volume store in Compton. We were very excited to see the store packed with customers attempting to buy last-minute Halloween candy and costumes for their kids.

But there was a problem: 90 percent of the customers were Spanish and spoke little English. Many of them approached the "suits" looking for help; unfortunately, no one in our group could speak Spanish. What really surprised me was that the store manager and local district manager

Position: President, Morrissey Hospitality Companies, the management company for the St. Paul Hotel. • **In the news:** The St. Paul Hotel, which celebrated its 95th birthday April 18, has completed a \$6.5 million renovation.

Tell me about your association with the St. Paul Hotel.

I first came to this hotel back in 1983, six months after they reopened. The hotel closed in the late '70s, and through [then-Mayor] George Latimer and the Port Authority and local interests, they got a company in Dallas to partner up and they reopened in September of '82. In July of '83, I came as director of sales. I worked my way up to general manager. I was general manager for 10 years.

And then I formed my own management company, because once you've run the best hotel in the state of Minnesota, and you don't want to leave Minnesota, it's like, "What do I do next?" I thought, "Why don't I become a management company and hopefully get this account," which I did.

What do you do besides oversee the management of the St. Paul Hotel?

We manage hotels and restaurants, hospitality businesses for various owners. We have a partnership with the Minnesota Wild, so we're involved in a partnership business called Wild Side Catering, which does all the premium food service at Xcel Energy Center. And we also do the convention catering at RiverCentre. And the old Minnesota Club is the Minnesota Wild's headquarters; the first floor of that is still beautiful catering space, so we operate that for them.

And then we have Pazzaluna restaurant across the street. I have a consulting relationship on a hotel in Lawrence, Kan., and another in LaSalle, Ill. We helped the Red Wing Shoe Co. for three years get the St. James Hotel back on track.

Tell me about the renovation.

It's top to bottom. The only thing that didn't get renovated was the [St. Paul] Grill. The Grill is our freestanding restaurant. We aren't changing the concept, so it was just fine. But we have gone top to bottom through this hotel, all the public spaces refreshed, made some improvements, made some additions to the space, so that overall, [we made] sure the hotel can maintain its promise physically, style-wise and in its offerings to meet and exceed the customer's expectations in our position as the leading hotel.

For example, we added a business center. Today, the traveler wants wireless Internet business cen-

ters. They want technology now. We expanded our fitness center because people's desire for fitness continues to grow substantially. Ours happens to be on the roof overlooking the river and downtown, where most hotels put it in the basement somewhere. We added a lobby bar.

Isn't it a lot easier making money with an economy hotel than a luxury hotel?

Oh, yes.

So why do this?

Well, luxury hotels are the darlings right now. Hotels, since 2000 and, of course 2001, were the lowest item on the real estate pole for investment. All of a sudden they're back. Commercial real estate isn't doing anything. The economy is coming back, but it's not filling all that space that got vacated during the recession. But business travel is picking up. There have been no new hotels built for the last four years for the most part.

Business eventually has to travel. Travel is part of the American experience. We're going to reward ourselves with a weekend away. We're not going to sit home forever. We are traveling more domestically. Travel is the No. 1 reward incentive out there for customers or employees. So staying in nice places, which represent service and fit and finish most people don't have at home, is what people desire. And they can get it in short bursts by staying at a luxury hotel.

How much are your rooms?

We're \$180. We're a real value. ... The other reason hotels are a darling right now is because it costs \$250,000 to \$500,000 a room to build one of these. So that's another reason: If you've got one of these, take care of it.

How long did it take the St. Paul Hotel to get profitable when it reopened?

Like a lot of other real estate, you have to be careful how much you invest on the front end or you can never make it up. When Lincoln

Hotels came in here in the late '70s and reopened in '82, they had invested \$24 million in 250 rooms. In 1988, this hotel sold for \$10.5 million to St. Paul Travelers. They've owned it ever since, and they have an undying commitment to this hotel.

Who are your competitors in the Twin Cities?

Meridien, Radisson Plaza Minneapolis, Sofitel in Bloomington, the Grand in Minneapolis. The new Chambers Hotel will be a nice addition to the Twin Cities.

How did you become a hotel guy?

My father had died and left my mother with five children to raise in 1961. So we needed to help out. One of my first jobs was the airline in-flight kitchen out by the airport. The thing I started realizing as I was working through various jobs is I'm the kind of person whose job satisfaction comes from seeing the finished product. The nice thing about hospitality is if I serve you a meal or a drink, I get pretty quick feedback.

Why did you want to do your own management company?

There's something very special about being able to be the captain of your own ship of something as special as a landmark hotel. This is the Plaza of Minnesota. I would have to move to run the Drake in Chicago or try to get the Plaza or the Waldorf in New York. But I don't want to live there. So what do I do? Start my own company and start a collection — this hotel and others.

So, in effect, you're doing for independent luxury hotels and restaurants what the chains do for their franchisees?

Exactly. We provide the support to make sure these businesses are run properly. That's what the management company does. We also own the employees. In this day and age, the owner doesn't want to have the employee liability. So, for example, all the employees here are employees of mine. So if we get fired, we just take the employees with us. So good luck running your hotel or restaurant without any employees.

What's the future of the St. Paul Hotel?

We're Minnesota's hotel. I do believe we're beyond the point of just being a hotel in St. Paul. We're a hotel worthy of serving the Twin Cities. We're only 10 minutes from the airport, 10 minutes from downtown Minneapolis. If you really, really like a great hotel, it's worth taking a cab to your business appointment. If you're going to go to the Orpheum for a show, what is a better setting for a time together than Rice Park and the St. Paul Hotel?

Larry Werner

