

## Small business: Aiming to build long-term value



Joey Mcleister, Star Tribune

Bill Morrissey of Morrissey Hospitality Companies in the restaurant/lobby area of the Hotel Minneapolis. Due to open in August, the hotel features the restored elegance of the old Midland Bank building at 215 S. 4th St. Among other projects, the firm manages the St. Paul Hotel.

As Morrissey Hospitality enjoys rapid growth, its president wants to be there down the road for customers and employees of his management firm.

By **TODD NELSON**, Special to the Star Tribune

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From his corner office, Bill Morrissey enjoys a bird's-eye view of downtown St. Paul, where his Morrissey Hospitality Companies (MHC) manages the St. Paul Hotel, the St. Paul Grill and other prime capital city destinations.

While the company is on pace for rapid growth this year, most of it will occur well beyond the St. Paul skyline.

Across the river, MHC will manage the Hotel Minneapolis, which is to open in August, and its 200-seat restaurant. Morrissey and Hempel Properties of Maple Grove are partners in the 224-room hotel project in the former Midland Bank building.

Farther afield, MHC is managing partner in the development of KeyLime Cove, a \$135 million water-park resort planned to open in March in Gurnee, Ill., between Chicago and Milwaukee.

Morrissey said his company worked with lead investor "Famous Dave" Anderson to help shape KeyLime Cove's tropical-island escape brand, and will manage the resort's 400 rooms and run its restaurants and concessions.

After a period of steady growth, Morrissey's

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hospitality company, which is small compared with national competitors such as Hyatt, Marriott and Radisson, has entered an era of rapid expansion.

By year's end, MHC employment will double to 2,000, Morrissey said, and the company's corporate staff will more than double to perhaps 30 by the end of 2008. Hotel and resort projects are expected to boost MHC's revenue to \$3.5 million, up from \$2.5 million in 2007, Morrissey said.

Collectively, the revenue of units that the company manages will grow from \$42 million to nearly \$90 million by the end of 2008, Morrissey said.

But Morrissey insists his goals have more to do with long-term reliability than fast growth.

"I want to be here long-term for the employees and the customers that put their faith in us," Morrissey said. "I'd much rather have slower growth, sustainable, long term, and be somebody you can count on."

One way to do that, he said, is by having an ownership interest in future projects, as MHC does in the Hotel Minneapolis and KeyLime Cove. (The St. Paul Hotel is owned

by the Travelers Companies Inc.) Another aim is for the company to develop its own projects.

"We don't want to be just a fee-based company only," Morrissey said. "We want to get to a point where we're doing things on our own. Not necessarily a new brand, but where we become the primary owner, because then you've really got substance to work from."

Morrissey, who has a degree in hotel and restaurant management from the University of Minnesota, had been general manager at the St. Paul Hotel since 1989 when he formed his management company in 1995. He financed it himself.

Happy running what he considered the state's best hotel, Morrissey was reluctant to go climb the corporate ladder elsewhere.

Today, MHC's portfolio, focused on the Upper Midwest, includes the Pazzaluna restaurant in St. Paul, Tria Restaurant, Bar and Market in North Oaks and hotels and restaurants outstate and in other states.

MHC also provides premium food and beverage service at Xcel Energy Center, St. Paul RiverCentre and Roy Wilkins

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Auditorium through Wildside Caterers, a joint venture with Minnesota Sports and Entertainment, which owns the Minnesota Wild.

MHC typically is the "little guy" in its partnerships, Morrissey concedes. What the company offers, he said, is that "little bit of magic dust" that makes a hotel, a restaurant or an event distinctive.

To deliver that, Morrissey makes sure to provide restaurants and lodgings with local color and flavor that hospitality chains often overlook.

"We make the brands iconic to their location," he said.

Morrissey's efforts paid off at the critically acclaimed St. Paul Grill, which is inside the St. Paul Hotel but has a separate entrance and is marketed separately.

"The Grill started selling more rooms in our hotel than almost anything else did," he said. "Because I come out of sales and marketing primarily, I look through the customer's lens."

Partner Jon Hempel, president of Hempel Properties, said: "I like Bill's style as a

hospitality operator. I call him Mr. Hospitality because he lives and breathes it."

The company seeks to stand out by making food and beverage service -- usually "the most difficult and elusive part" of the hospitality industry -- a profit center, he said.

If you're going to build long-term, lasting emotional value -- which is what a brand is -- then it takes time, he said. "If I don't see a client that's got a three- to five-year minimum [time horizon], then I certainly will not get involved or get too deep into it," he said.

**The expert says:** Avinash Malshe, marketing professor at the University of St. Thomas Opus College of Business, said Morrissey has developed a niche "where he is able to help his clients differentiate their value offering" from their competition.

"He focuses on customers first, what the customer wants or needs to help his partners create a value offering that can be meaningful to customers," Malshe said. "I mean not only functionally meaningful but also emotionally meaningful. ... That's what a brand is all about."

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Taking a greater ownership role likely will give Morrissey more say over projects, Malshe said. But it also could present challenges.

"Right now he ... can bring an out-of-the-box view," Malshe said. "He can tell his clients 'This might not work.' Tomorrow, if I create something, will I be that open and critical of myself? Can I say, 'This is my creation, but it doesn't work?'"

Todd Nelson is a freelance writer in Woodbury. His e-mail address is [todd\\_nelson@mac.com](mailto:todd_nelson@mac.com).

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