

# HOTELS Interview: Hostettler's genteel approach at Ocean House



# Daniel Hostettler

charm with some modern management techniques.

# By Jeff Weinstein on 11/19/2013

Daniel Hostettler, president and managing director of Ocean House Management (OHM) in Westerly, Rhode Island, is in the enviable position of having an owner who loves to give back to the community and spares little expense in developing his collection of iconic inns. In return, Hostettler deliver genteel, old school

OHM manages two hotels for owner Charles Royce, founder of the Royce Funds in New York City. The 60-key Ocean House opened two-plus years ago after a US\$150 million refurbishment on the ocean in Watch Hill, Rhode Island, and the 31-room Weekapaug Inn after a US\$30 million renovation just completed its first high season just 8 miles down the road. OHM is in the midst of launching the Cottage Collection of residential rentals, which include privileges at the resorts, as well as a nearby farm to provide true farm-to-table F&B experiences. OHM just bought another nearby motor court hotel that will close for a two-year refurbishment to create a series of upscale, one- and two-bedroom cottages on a highly landscaped piece of land.

Hostettler says he and Royce are also in the middle of negotiations with a developer to create and manage a similarly styled redeveloped historic building on the oceanfront in Connecticut, and would like to add a few more classically styled resorts in New England. Hostettler says they are also toying with the idea of buying some Amtrak railway cars, redoing the interiors, providing concierge service and

hooking them to the back of New England regional routes that come up from New York City's Penn Station on the weekends.

HOTELS recently spoke to Hostettler, a luxury hotelkeeper for more than 20 years, about his experience and doing things his way on the oceanfront in Rhode Island.

## HOTELS: You have a food forager on staff. Talk about your F&B philosophy.

**Daniel Hostettler:** Farm to table gets a bit overused and diluted by people when ordering off the truck and saying it's farm to table. Doing it takes huge commitment, like building your own farm, and we still have full-time food forager, our culinary liaison to the farming and fishing community. She is out there every day finding out what is coming in and out, and communicating it to the chefs. If you leave chefs to do that they get so busy doing everything else they find an easier solution. You really have to devote a resource to it like we have. We have taken it a step further. Guests are so interested that we have developed a complimentary resort activity to see how our forage selects food via series of weekly scheduled activities, including where they spend the entire day with the forager. Guests love it.



The Ocean House, Watch Hill, Rhode Island

HOTELS: Talk more about your operating philosophy.

**Hostettler:** This is about high-end, genteel hospitality of the olden days. It is very much about Americana and more than a place you stay. We differentiate by creating memorable moments and by thinking out of the box. It is a very residential model. There is no tipping on property. There is a resort fee to pay for activities (cooking classes with the food forager, local tours). There are four or five complimentary

things to do. The remainder of the fee goes into pool divided by staff but allocated based on guest comment cards. We also offer free Wi-Fi, free minibar, and put a full bar in suites for free. It is a cruise ship mentality. Our ADR in high season is around US\$1,550 and we have to deliver service and give value on things. Others nickel and dime and what we are doing should be the wave of future for high-end resorts.

### **HOTELS:** How are the hotels performing?

**Hostettler:** We opened and hoped the hotel would be at 80% in the summer. We are at 97%. I take rates up to bring the occupancy percentage down to offer better service, and every year they keep coming. It's a nice problem to have. The solution is to grow our room base as the building can't expand. The impetus for the Inn was to create a sister property that is less expensive and more barefoot elegant.

The rate at the Inn in high season was about US\$800 when he had hoped for US\$500-600. But demand was so strong as we have gotten such a good reputation in the first three years at the Ocean House. Everyone wanted to be there so we were able to push rate at the Inn.

#### **HOTELS:** What are your biggest challenges?

**Hostettler:** Rhode Island is the first challenge. Outside of the immediate area, it is not a travel destination. When we were opening and trying to recruit 4- and 5-star managers to come here that was unique challenge. Over three years, getting a fifth Forbes star and becoming Relais & Chateaux has helped with recruiting. We have a strong year-round team and have to double staff for high season. We have 150 people year round and 340 on staff during the summer. The high ratio creates staffing challenge and getting that 5th star was supposed to be hard when you go from 150 to 340 staff members and keeping standards up. Driving passion to make summer staff understand what we need to do is the biggest challenge.

#### **HOTELS:** Can you elaborate on expansion plans?

**Hostettler:** I am looking to grow as a management company. Chuck (Royce) would have been happy with one hotel, and I pushed him into the second and third as he enjoys seeing the entire management team from the Ocean House get new opportunities. When you are independent you wrestle with keeping great staff.

I do it as I would love to have a collection of small, iconic, branded properties in the Northeast that are delivering old school guest service lost in a lot of places, yet using technology to do it.

We are looking to do a handful, only in the Northeast as I want them close enough where I can be there often and frequently.