

# Newcomer Pyramid quickly builds impressive roster

**#93** Pyramid Hospitality & Development Schaumburg, IL

# Of Third-party Managed Properties:	# Of Hotels: (end '07)
<b>11</b>	<b>11</b>
# Of Rooms: (end '07)	
<b>1,297</b>	

SCHAUMBURG, IL— Most people in Phoenix were celebrating Super Bowl XLII the first weekend in February. But the principals of Pyramid Hospitality & Development, LLC, were in Phoenix with their own reason to party—they had just opened their 14th managed property, the 126-room Hilton Garden Inn Phoenix North.

Though they founded Pyramid two years ago, president Dawn Berry and CEO Kevin Robert still consider themselves “the new kids on the management company block.” Yet the portfolio they’ve managed to assemble ranges from limited-service hotels with an average of 125 rooms to full-service hotels with 2,000 rooms and they’re active coast-to-coast in urban, suburban, and airport markets.

“Given that we each had Hilton brand experience in our backgrounds, we elected to concentrate on Hilton brands initially, including a significant number of Hilton Garden Inns, because initially that played to our knowledge base, but we’ve begun to expand from there,” Berry said.

In some cases, Pyramid functions strictly as a third-party manager, while in other cases, it holds a minority equity stake, working with a range of partners. On a number of projects, the company has partnered with DePere, WI-based Beechwood Development, LLC. “We’re their preferred and only management company,” Berry explained.

“Our goal at some point is to have a majority stake in certain properties or even own 100%, but the timing may not be

right,” she continued. “While we’re not opposed to having sole ownership, I don’t know that we would want it at this point.”

Given the firm’s size, sole ownership might actually slow down its ability to grow. “By holding a minority stake, we’re able to spread out the resources we have available for investment, find partners, and potentially do two or three projects at one time,” she said.

## Laying a foundation

Starting out in 2006, Berry and Robert went to lengths to put operational systems in place that would support a nation-wide organization. They knew they wanted to be able to manage all across the country and to manage various brands. “We’ll have to make adjustments to the systems because each franchise hotel group does things slightly different, but systems industry-wide are basically the same,” Berry noted.

Headquarters are in the Chicago suburb of Schaumburg. “We have regional directors in place and all corporate support staff work out of the greater Chicago area. That was part of the initial strategy,” Berry added, noting that she relocated from Los Angeles, while Robert relocated from the Washington, DC area. “Chicago is centrally located with good airport access to all parts of the country, so it made sense.”

Pyramid’s present distribution stretches from Seattle to Florida. A number of properties are concentrated in the Midwest, including four in Wisconsin and others in Illinois.

Turnaround situations can be a special challenge, but often worth the effort. “We have a Comfort Suites located at Chicago O’Hare Airport. We purchased it because it was a great opportunity. It’s in a great market, but we also knew we’d be able to turn it around,” Berry said.

Underway are projects outside Oklahoma City, OK and Ames, IA, plus two properties in Los Angeles. Two upcoming open-



Pyramid Hospitality & Development, LLC, opened its latest managed property, the Hilton Garden Inn Phoenix North, earlier this year.

ings are a St. Louis Hilton Garden Inn and an adjacent conference center in June and July, respectively. Across from the hotel and conference center, Pyramid plans to break ground on a Hampton Inn & Suites in the fall. On the drawing board are plans for the firm’s first Embassy Suites Hotel to be built in Phoenix. Also under consideration is a Cambria Suites in a market where all the Hilton products already exist.

“We’re not targeting any specific regions per se,” Berry explained. “We look at every project meticulously because we want to be sure each situation is a win-win.”

While all of Pyramid’s current portfolio is made up of national, well-known brands, Berry noted the firm isn’t opposed to managing non-branded independent properties. “The right opportunity just hasn’t presented itself yet.”

On many projects, Pyramid handles all the pre-opening, hiring and brand training. In addition, Berry, Robert and their team manage the construction process by which we assist the ownership in handling the contractor’s schedule.

Procurement is another area of expertise. “We do all the procurement in house, where we purchase everything from the carpet and wall vinyl on up,” Berry said. “So you could say

we’re kind of a womb-to-tomb operation.”

Considering the strength of the transactions market in recent years, Berry, Robert, and their team are very aware that lodging is also real estate business. In other words, even though they’re primarily a management company, they understand the value of the assets they’re managing. “As in any other business, you want to be sure you have strong resale value, which means making sure that the hotel you’re developing doesn’t just work for today, but works for the future,” she said.

She uses brand prototypes as an example. “Simply put, the owner/developer may need to make adjustments in the prototype in order to make it work....The prototype is just that, a template to say here’s the general basic model. Now make it work for your particular site and market.”

Berry uses the Pyramid-managed 105-room Hilton Garden Inn in Lakeland, FL, as an example. “We manipulated the prototype because we’re the only—not focused-service— but full-service hotel, if you will, in that market,” she said. “Consequently, we adjusted the prototype to include 5,000 square feet of meeting/banquet space. Why? Because we’re now the wedding host in that market.”

—Bruce Serlen