ONE on ONE

Concord Hospitality's MARK LAPORT

The company balances managing and developing hotels with equal understanding and aplomb

By David Eisen
MANAGING EDITOR

Concord Hospitality Enterprises Company is an American success story—the familiar 'started-with-nothing tale, but became a juggernaut.' But it's the truth and Mark Laport, Concord's co-founder and CEO, is the reason behind the achievement.

The company started in 1985 with just four people and zero hotels. Today, Concord's portfolio reaches more than 90 hotels in the U.S. and Canada. The first hotel Laport developed was a Hampton Inn in Pennsylvania near Penn State University, which he recalls at the time being only the seventh Hampton Inn to open in the U.S. "So we scored one and it was really as simple as wanting to expand to another and to another," Laport said. "The cool thing about this industry is if you do it once, it is replicable, and if you're logical and disciplined, it becomes easier."

How Laport got his start in the industry wasn't as simple. First, like many hoteliers, he stumbled into it. "My entry into the industry was kind of by invitation," he said. A local entrepreneur in Erie, Pa., Laport was approached by some Holiday Inn franchisees, who saw that he was active and making things happen. "They said, 'Why don't you join us?' One thing led to another and I entered their business."

Laport quickly grew the company and by hotel number 17, it was becoming old hat. But much of Concord's growth up to that time was bankrolled by friends and family; if Concord was to grow exponentially, it would need more diverse sources of capital. "I had to find some additional capital because we were really starting to get this thing going," Laport said.

GROWTH CURVE

By hotel number 20, the snowball was starting to roll downhill, Laport said. "By being careful and prudent and responsible with other people's money, we started getting more and more velocity and it became easier in terms of all those impediments to growth, [finding] capital being number one. We're lucky to be a magnet to capital because folks have seen what we have done and enthusiastically invest with us again and again."

As it currently stands, Concord's split between management and ownership stakes in its properties is about 50/50.

The company only started managing hotels as of 2005. "Up until that time we were kind of singularly focused. We would build and we would self-manage," Laport said. "We recognized that the opportunity to grow and manage for others might be worth taking because we had the infrastructure. We no longer were struggling just to keep up with how to staff a hotel."

But unlike many branded hotel operators, who are publicly traded and are working now to divest most of their owned assets in favor of accruing fees via management contracts, Concord still sees value in ownership. "To be the owner of assets can be extremely rewarding," Laport said. "Unlike public companies that get dinged for depreciation, we like it; it generates ways to save on taxes. The risk of the

AT A GLANCE

CONCORD HOSPITALITY ENTERPRISES COMPANY

Headquarters: Raleigh, N.C.
Structure: Owner/manager
Portfolio: More than 90 hotels
Website: www.concordhotels.com

ALL PHOTOS COURTESY CONCORD HOSPITALITY

The Renaissance Meadowlands (above left) in New Jersey is one of three Rutherford, N.J., properties in Concord's portfolio, along with a Residence Inn and a Fairfield Inn. Above right is the lobby of the Renaissance Raleigh, near Concord's headquarters.

Going strong The SpringHill Suites Pittsburgh Latrobe is one of 18 Pennsylvania hotels in Concord Hospitality's portfolio.

profile might be higher than if you're truly a third-party that drives value by being a royalty collector and distributor. So it's a little different model, but it's one that can be extremely rewarding. You have to buy into this, and some people don't, but there's no better way to create self-esteem for the collective spirit of our company than by pride of ownership. To go in there and kick the tires and say this is something that we've created or recreated."

A STRONG PARTNER

As a hotel manager and developer, Concord works with many different brands, but its link to Marriott International is noticeably strong. Around 70 percent of Concord's portfolio is Marriott branded. "It's written by opportunity," Laport said. "Many markets that we choose to continue to grow in no longer has Marriott opportunities and if we want to grow with the market, we are seeking out those markets that really present favorable circumstances. So, you better be nimble and find investment brands that have proven themselves to gain guest preference."

Laport does acknowledge that developers and brands, though bedfellows, at times have competing interests. "It's tough because brands want to distribute and they do it by only measuring impact versus geography," Laport said. "It's a tough gig for a lot of people and those of us that develop on the run as we do, always face impact issues."

Brands survive by spreading their flags, and Laport thinks that this question of distribution is one of the bigger issues facing the industry today. "[Brands] want to continue distributing their product because that's what's going to drive market value to their stock," Laport said. Conversely, Laport said, franchisees might say that the biggest issues are generating higher volumes of sales, keeping up with brand standards, competition and more peripheral issues, such as sequestration and health care. "We employ 4,000 people and as we currently understand the law, if we made no changes to our current plan, it would cost the company about $2.2 million dollars more than this year," Laport said. "That comes right out of profits. There are a number of variables that we are studying to mitigate costs without hurting our associates' medical benefits. We're still trying to get our arms around it."

Government issues aside, Concord is rosy about the future. Laport has floated the idea of soft branding in the future: "It's a revenue game and what is the best way to win share"—and expansion beyond North America, they were close to doing something in Brazil before the recession.

But Concord isn't just about expansion for the sake of expansion. It could be in the UK, but doesn't see the returns that it sees in the U.S. and Canada.

"We're big enough to buy tens of millions a year but have found that we can better source it, develop it, design it and staff it," Laport said. "We are are really good at that." HM

deisen@questex.com