

## COVER STORY

## Built to Last

Strand Hospitality Services celebrates 50 years, continuing the family legacy

By Abby Elyssa  
Associate Editor

Myrtle Beach, SC, was not ripe for branded hotel development in 1970. In fact, no one believed that a non-mom-and-pop operation could be built there, on the ocean, and be successful.

A new-build hotel in this market was not only considered risky, but innovative. Taking on that challenge, however, was Strand Hospitality Services—and it proved to be a risk well taken. So much so that it was just the start of the company's success, now celebrating its 50th year as the owner of 18 properties.

"We haven't been afraid to take the risks that we feel are necessary, and we've stuck to what we know," said John Pharr, president of Strand Hospitality Services, an owner, manager and developer of hotels, founded in 1969. "We have our values: family, trustworthiness and—as a company and individuals—when we say we're going to do something, we do it."

Strand is a fourth-generation business, part of the larger company Pharr, which includes textile manufacturing and has been based out of North Carolina since 1939.

After bringing a major brand to Myrtle Beach—a Holiday Inn-branded property—Strand Development at the time went on to develop three more hotels in the area, securing itself as a market leader and major employer in the area.

Strand ended up selling three of its Holiday Inn properties in the mid-1980s, moving its focus to Charlotte, SC. There, Strand developed the 43rd Hampton Inn in the world, again, taking a chance. Holiday Inn operators had little hope that a new brand like Hampton would take off, Pharr said, marking another risk turned success from the Strand family.

"We developed six more after that in the Carolinas and became the go-to company for other Hampton developers," said John Johnson, CFO, Strand Hospitality Services. "This resulted in a natural transition into management with many of the early

Hampton Inn developers needing assistance in operations. With this type of experience, it taught us to always 'think like the owner.' For this reason, we have been able to focus on various ownership issues, including financing, property tax issues and numerous other financial decisions that involve the asset. We also assist owners with site selection, brand approvals, changes in ownership and buy/sell decision-making."

Johnson said that Strand's long history and experience as an owner/operator/developer was critical as it transitioned into more of a third-party management company in the late 1990s. By 1997, Strand had its first third-party management agreement; the company then had 75 hotels in 13 states under its belt.

"It was pretty aggressive," Pharr recalled. "When the downturn came, a lot of these were sold and we shrunk back to where we are today [the 35-40 hotel range, including owned and managed properties] but along the way, we made some decisions about how we're going to do business; we ended up working with Hilton, Marriott and IHG. We now have 15 hotels in the pipeline; we are investors in some, and in some we're third party."

Development for Strand focuses on the Carolinas, Florida, Georgia and Texas, specifically in Dallas where it recently opened an Aloft property. According to Pharr, Strand is very interested in the Austin/Dallas/Fort Worth area. He projects the company to be in the 45-50 hotel range within the next couple of

years—although it's not locked into that number—stressing quality over quantity.

"It's very logical that we're going to double the size of the company at some point, but we're going to do this in a measured way. There was a time we got there very quickly—and we probably did it too quickly," he said.

Pharr plans on growing the hotel portfolio organically, developing more hotels with existing partners to uphold long-term relationships.

"We're not looking for 10, we may not even be looking for five; it may end up two or three [hotels a year]. We want to retain existing customers. There are always hotels that will sell and there's always a time to sell," he said.

Strand was and still is built on establishing and maintaining partnerships. According to Pharr, a lot of its partner relationships extend back 30-35 years—seeking out the right people to get into business with.

"Many of the owners that we work with come to us not just for our proven management experience, but also because of our expertise in these ancillary advisory services," Johnson said. "Often, they are looking for properties to purchase or are considering other hotel developments. Most owners value this type of comprehensive consultation."

Pharr's [company] own words—"A Family of Companies"—demonstrates how these very principles have trickled down into Strand itself and each of its workers, forming bonds that last.



LEFT TO RIGHT: Andrew Pace, Strand Hospitality Services; Ron Flick, Compass Group; Randy McHenry, Poseidon Hotel Ventures LLC; and Strand Hospitality Services' Jay Keller and John Pharr

"We're not flippers and we don't cater to flippers; this is a long-term business," said Andrew Pace, SVP of Strand Hospitality Services. "Most developers and owners of hotels have enjoyed strong returns by picking the right partners, the best brands, strong markets at the right locations and not overreacting to economies that are uncertain."

Pace explained that Strand takes time to get to know potential partners before conducting business, ensuring both parties have similar goals and virtues.

"We admire experience, honesty and integrity. If developers or owners of hotels don't seem to have that, then we prefer to work with someone who does," he added.

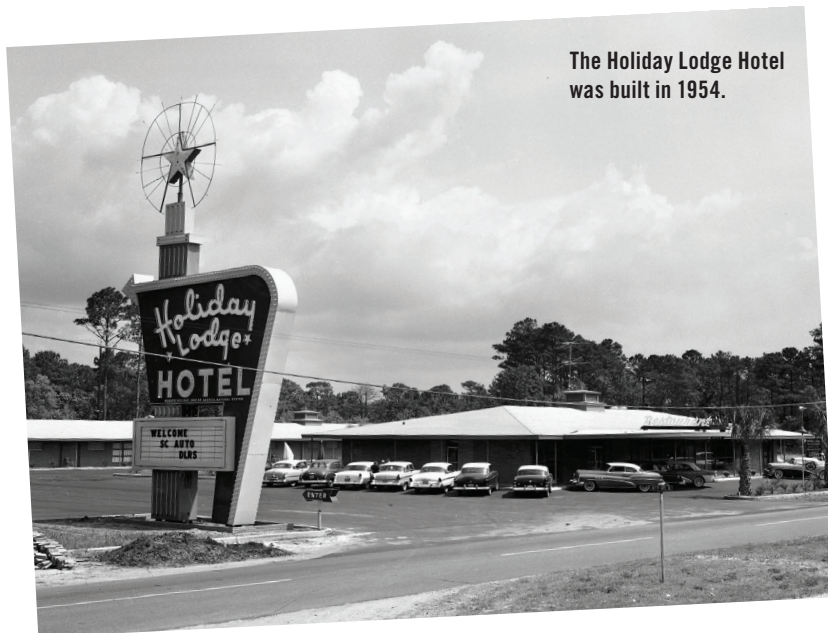
Not only with partners, but internal relationships follow this same mindset at Strand.

"One of the things that's really made Strand stand out for 50 years is its strong experience in leadership. The core team for Strand is a rock. Our key leadership has been in their current positions for decades, are very versatile at what they do, and it creates a rock for the company," Pace said.

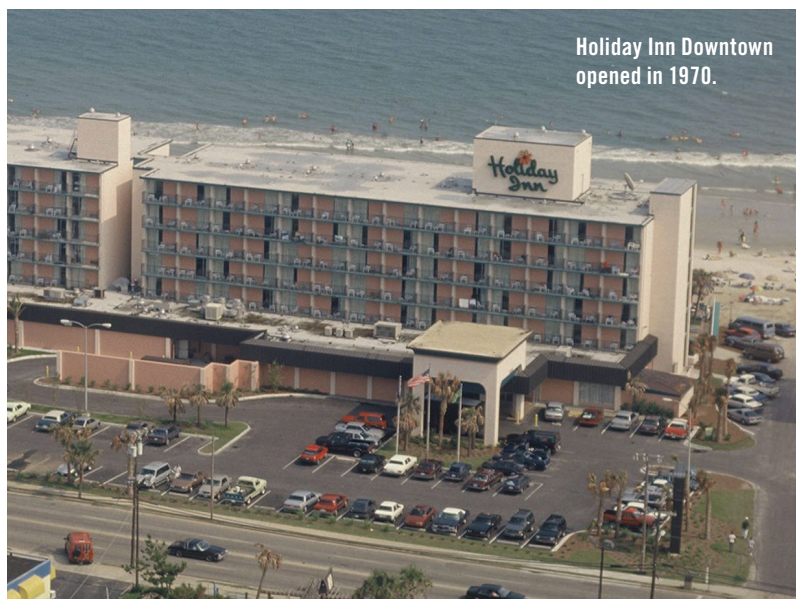
Jay Keller, COO of Strand Hospitality Services, attributes a lot of the company's success to its leadership's ability to



## COVER STORY



The Holiday Lodge Hotel was built in 1954.



Holiday Inn Downtown opened in 1970.



Holiday Inn Surfside opened in 1978.

make employees feel welcome and part of a team.

“I think it boils down to the culture and leadership team, as well as the fact that any employee at any time can call Mr. Pharr or myself and talk directly to us,” Keller said.

Especially now, hiring and retaining is key. Pharr explained that Strand is not only a great place for young people to work because of the company’s growth—which ultimately leads to growth for employees—but because Strand holds award ceremonies quarterly and fosters internal promotions.

“In today’s environment, it’s difficult to find people. We’re looking for people who are trustworthy and honest in interns and recent grads,” Pharr said, adding that he does work outside of Strand to promote interest in hospitality careers.

Pharr is on the advisory board at his alma mater, Michigan State, contributing to the Michigan State Hospitality Program, working with students to secure internships and jobs in the field.

“When you talk to students these days, a lot of them want to become event planners, wedding planners, PR people. There’s somewhat of a mentality out there that says, ‘I don’t want to necessarily operate a hotel,’” Pharr said, but noted that this is changing among some prospective workers. “We recently hired a young man from Michigan State who said just the opposite, that he wanted to own, be an operator, wanted to get his hands dirty.”

Pharr said that through education, but also human inspiration, it’s easier to spark a passion for the industry in younger generations. Sometimes, he added, it isn’t always necessarily beneficial to start at a larger company, but rather, one with room for learning and growth, a place like Strand.

“We’re not always looking for experienced people, but people who have a passion for the industry and want to grow,” Pharr said. “One of the greatest things about the industry is that you can learn how to run a business and, ultimately, you can own your own business. I don’t think you’re going to get there working for a major company because you’ll possibly get pigeonholed into one department or another; ultimately, you may work your way up, but it’s pretty hard to make that leap. That’s what I like about this business: It’s so entrepreneurial.”

Starting as an accounting major, Pharr didn’t exactly have his sights set on hospitality. He did, however, make the leap

by learning and being inspired by others, beginning as a bellman at the Kellogg Hotel & Conference Center at Michigan State University.

“Occasionally, people gave you a quarter tip; back then, that was a big deal,” Pharr recalled. “This gentleman came by one day and he gave me a dollar. He looked at me and said, ‘Son, if everybody gives you a buck today, you’ll make \$400.’ I’ll never forget the guy.”

That man was Win Schuler, a well-known innovator in the Michigan restaurant industry.

“As a young person coming in, I made that for myself; I helped open hotels, I’ve done all kinds of things that I probably would have never done working for a major chain; it would take me years to get that knowledge. We throw people into the fire and they learn to survive. That’s one of the greatest things in the world to give people that opportunity,” he added.

Exciting young workers is one thing,



**“It’s very logical that we’re going to double the size of the company at some point, but we’re going to do this in a measured way. There was a time we got there very quickly—and we probably did it too quickly.”**

—John Pharr  
Strand Hospitality  
Services



## COVER STORY

but retaining them is quite another, and while Strand implements programs and rewards good work, wage also remains an issue. Keller said that companies must be willing to pay to get better employees.

“Anybody can hire people, but you won’t necessarily find the right people when you interview. When you interview people for an hour or two, do you really know them? Not really, but being able to identify those people with a passion and keeping them doing what they do best as a team is important. Some people ask us, ‘Do you manage hotels?’ and the truth is no, we manage people who manage hotels. We’re a human resources company and we are successful at it—it’s lasted 50 years,” Pace said.

Strand has added a human resources department with a full-time recruiter and has also taken the necessary steps in technology to remain relevant to younger generations, like adding an updated payroll system.

“We always have to be looking to the future. The military is always fighting

the last war—that’s a problem with every organization and us, too,” Pharr said.

“There will be a time when there won’t be a labor shortage; I don’t know when that is, but we’ll see it again. Someone can look at a 50-year-old company and think we’re behind on the times but it’s just the opposite. The only way to stay in business is to get ahead of the game.”

These efforts have proven to be successful for Strand, as it continues to attract a younger and hungry workforce. Much like Pharr himself, Jake D. Eden, a manager in training at Hope Hotel & Richard C. Holbrooke Conference Center, a Strand property in Dayton, OH, didn’t see himself working in hospitality from the get-go, but he quickly caught on.

“As I grew older, I had less desire to spend my days behind a desk looking at spreadsheets,” Eden said. “Hospitality allows me to work in a business field while getting to be hands-on with the product being sold. In this industry, every day is a little different.”

Eden explained that growing up in a major tourism hub in New York City, he was constantly seeing visitors from across the globe, fascinating him every day. “That sense of awe and wonder continues to keep the hospitality industry exciting for me each day,” he added.

Eden said that part of the reason it’s becoming more and more difficult to get young workers excited in hospitality could be because of the around-the-clock hours and dedication, possibly compromising workers’ social life.

“Today’s younger people often seem preoccupied with glamour and glitz, possibly due to the unrealistic expectations set forth by the ‘Instagram generation,’” said Austin Phelps, front office manager of a Fairfield by Marriott in Shelby, NC, also a Strand property. “Unfortunately, the hospitality industry may not seem that exciting at first glance. In their pursuit for quick rewards, [younger workers] often overlook the networking opportunities and career path that the hospitality industry does afford hard workers who are willing to put in the time and effort to reach their goals.”

Both Eden and Phelps hope to work their way up internally, learning from mentors and progressing from Strand’s continuous growth. Eden aims to become a GM at the property and eventually own a hotel of his own; while Phelps shares the goal of also becoming a GM, he hopes to advance to the corporate office in either hotel operations or a marketing role for Strand and the hotels in its portfolio.

Pharr said that he’s proud of the company culture Strand has built, welcoming workers at all experience levels. He said that many come to Strand looking for an opportunity, gaining knowledge and eventually moving on to bigger companies.

“A lot of workers get their start with us and have really excelled and have great careers. We have one gentleman who started his own management company; there’s a lot of things we’ve done to help people in this industry get ahead,” he said.

Pharr warns young workers not to take just any job however, but to find the right place, get experience and seek out problem areas where they can help.

“Don’t say, ‘I want to go to the best hotel.’ Say ‘I want to go to the worst one. Give me a hotel where I can go in there and straighten it out, let me show you what I can do.’ That’s what I think is sometimes lacking where people are afraid of job security and to take that leap,” Pharr said. “Don’t worry about that; jump into the worst situation and figure it out. Then you’ll be on everybody’s radar.”

Pharr said that many hospitality workers have a “brand representative” or “consultant” mindset, which can restrict them from reaching their full potential with regard to owning a property and even more, propelling their passion for hospitality.

“What people don’t realize is that with a lot of the ownership groups, sometimes it’s really just a couple that put their entire life savings in one hotel asset; that’s a pretty awesome responsibility,” Pharr said.

All Strand execs agreed that long-lasting success resides in one’s ability to remain true to this passion, trusting oneself and finding partners and employees to trust as well.

“Overall, we know who we are,” Pace said. “There are companies that will do anything based on the business that drops in the door, but we know who we are. We’re regional and long term. We don’t want to be something different. We don’t want to have 200 hotels. We are what we want to be and we’re doing it today.”

Pace said that, along with sticking to its values, Strand also pays mind to its family of properties, visiting in person about two to three times a month.

“There are businesses that manage from afar, by email, but we’re the opposite. There’s a lot you can find out about current management that you can tell by looking at the parking lot, looking at one



“Some people ask us, ‘Do you manage hotels?’ and the truth is no, we manage people who manage hotels. We’re a human resources company and we are successful at it—it’s lasted 50 years.”

—Andrew Pace  
Strand Hospitality  
Services



Jay Keller  
Strand Hospitality Services



John Johnson  
Strand Hospitality Services

room; we like to be local. Being a hands-on, regional company has been a strength to us, and we think that strength will help us grow,” Pace said.

While obtaining and retaining labor is a challenge that the industry has been facing for some time, not all hope is lost that what Strand prides itself on is still here, and alive with a generation that is willing to work.

“As an industry, we should be educating prospective associates about all the opportunities and different career paths the industry provides,” Phelps advised. “The easiest way to convey these messages is by using real-life examples and success stories, as well as the ‘extras,’ from making real connections with guests to advancing within a corporate structure. We need to impress upon potential workers that the hospitality industry is about so much more than just cleaning rooms and checking people in—it’s more about the connections you make with people.” **HB**