

Thinking Big Cobblestone Hotels Outlines Aggressive Growth Plans During Its Annual Conference

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Dennis Nessler

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With a focus on both organic and inorganic growth, Cobblestone Hotels president and CEO Brian Wogernese framed some of the company's objectives in terms of numbers and further underscored the importance of last year's brand acquisitions during its annual conference earlier this week.

Held at the Hilton Denver City Center, Cobblestone executives also touted its Main Street model prototype and offered some insight into its operational strategies, particularly as it relates to technology and revenue management.



Brian Wogernese, president and CEO, Cobblestone Hotels

Wogernese kicked things off by setting an aggressive goal of 200 hotels by 2022. The Neenah, WI-based company currently has 140 hotels open and under construction within its five brands. The vast majority of the company's hotels are part of its flagship Cobblestone brand, which is expected to surpass the 100-property mark by the end of the year.

Meanwhile, in August Cobblestone acquired Vimana Franchise Systems, which includes the Key West & Centerstone brands and some 27 properties. The company subsequently acquired the Boulders Inn & Suites brand in October of 2018.

In terms of future acquisitions, Wogernese acknowledged the company has been keeping an eye on a couple of small brands in the midwest, but emphasized that nothing is imminent. In fact, he added that he doesn't expect any significant acquisitions for the next 12 to 18 months. "Even though these acquisitions happened that hadn't been our main focus on growth," he noted.

Wogernese elaborated on the deal for the Centerstone and Key West brands, the latter of which was the thrust of the company's focus. "We primarily bought it because of the locations down in the south and it spread our portfolio. This was also our first acquisitions so we learned a lot of what to do and what not to do," he said.

While Wogernese acknowledged the company acquired some challenges he quickly pointed out that the newly added properties will be on the company's CRS next year. "We really feel we'll be able to do something a little more with that [Key West] brand," he stated.

Wogernese also explained the upside of the acquisition of Boulders--which currently includes some 13 locations. "This

was the most exciting thing we did this year. They were our biggest competition in Iowa so why not buy them so we don't have to compete with them anymore? It was easy for us to put the 'by Cobblestone' name on it," he said, adding that the acquired properties have been franchised and completely onboarded into the Cobblestone system within the first quarter of this year.

Wogernese further noted there were a lot of similarities between the two companies, both of which were founded in 2008, such as "nearly identical" case goods and a new build development strategy.

Jeremy Griesbach, president of development, Cobblestone, noted the company is now represented in 27 states throughout the country. The pipeline includes some 14 new builds and five conversion properties, two of which are coming on line this quarter with the remaining three expected to open by the third quarter.

While Griesbach acknowledged something of a lull in construction of late but remains bullish going forward. "We're really seeing that turnaround. Our pipeline for the next year to two years looks really strong both for our corporate owned stores and franchised stores. So we're really excited about that," he said.

Griesbach also emphasized the importance of partnerships as part of its growth strategy. "Part of our plan to increase our bandwidth on the development side is to partner with developers where they do a lot in raising the money, putting the investors together, and finding the markets. We'll come in and help a little bit here and there and we build it for them, run it for them and flag it for them," he said.

The company's Main Street model is designed to help bring the brand to more prominent locations, according to Wogernese. Eight of the company's properties feature the Main Street model with two currently under construction and four more in development.

Wogernese touted the advantages to attendees.

"This is putting us in higher profile locations," he said. "I think we're doing really well in our competitive set and I'm really excited about it."

Meanwhile, brand president Josie Kilgore described Cobblestone as a "rate-first brand" while elaborating on the company's rate strategy to owners.

"Gone are the days of forget it and set it rate management styles. We go through daily, weekly, and monthly sales tactics [with our managers], as well as really driving home that we want you to be driving rate at your property and not sacrificing rate over occupancy," she noted.

With a continued focus on getting consumers to book direct, Kilgore noted the company has released a new booking engine by Sabre.

She described the company's approach to technology at the property level.

"We want to use technology to enhance our guest experience but we don't want to eliminate the human interaction altogether," she noted.

Kilgore later added, "During the past 20-plus years technology has been one of the most significant trends, but deciding which technology is a passing fad or which is a necessary tool for our managers is not just a struggle for our managers but for us as a brand. As a brand we do watch trends and fads, but we're never going to be the first brand to jump on board everything that's presented to us. We rely heavily on our partners to tell us which is going to work best for our hotels," she exclaimed.

Finally, Kilgore employed managers to be vigilant about making sure their properties are up to date online. "With SEO [search engine optimization] content is king. If you're pictures are not high res, if your reviews are not answered, if

your descriptions are out of date, it doesn't just sacrifice how you look in front of your guest it also sacrifices your visibility on the sites," she noted.

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