



Chesapeake Hospitality's President Kim E. Sims and EVP Chris Sims in front of legacy wall at corporate headquarters

## HB EXCLUSIVE

# Chesapeake Hospitality: Goin' like 60

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GREENBELT, MD—For brothers Kim and Chris, growing up Sims meant having the lodging industry condition known as “hospitality hearts,” a congenital attribute passed on at birth by their hotelier parents, Jeannette and Edgar “Ed” Sims Jr., who set the stage 60 years ago for what would eventually be known as Chesapeake Hospitality, and giving the siblings roles as president and EVP, respectively.

With their first enterprise, the Royal Pine Motel in College Park, MD, Ed and Jeannette placed their feet firmly on the road to hoped-for success, the stereotypical 1950s Mom-and-Pop operators of a small—as in 12 rooms—motel, whose lifeblood was given over to making it a go, seven days a week, 365 days a year. According to company lore, the first night they rented one room for \$5, and in their first year of business, revenue totaled \$32,000.

From 1957 when it opened until it got a sibling hotel in 1970 when the Sims' family became a member of the Best Western referral organization with a 57-room motel, the Royal Pine was the

Sims' universe. It enfolded all who came in contact with it, from the road-weary travelers catching sight of the vacancy sign beckoning from the motel to the trio of children Ed and Jeannette were raising “on-premises.”

In 1977, the family opened a new 59-room addition on the Royal Pine Motel, more than doubling its size, which had increased over time, bringing its room count to 114. Four years later, the Sims opened their second motel in College Park, the 125-room Interstate Inn, renovating and re-flagging it as a Best Western, making it their first full-service hotel with food and beverage. By 1989, the growing business acquired its first upper-upscale hotel: the Hilton Wilmington Riverside in North Carolina.

Kim, Chris and a sibling, Andrew, were to the motel born as it were, performing the typical tasks assigned by diligent parents making sure they understood the value of a strong work ethic, something Jeannette Sims inherited from her father, Felix Irwin, who was a hospitality pioneer in his own right. With his wife, Maye, he owned two motor courts, where travelers rented out cabins and parked their vehicles under traditionally adjacent carports. Both properties were

on Route 1: one outside of Washington, DC, the other north of Baltimore, MD.

“This was before the Interstate system, and Route 1 was one of the major thoroughfares going North-South in the 1930s when he started. I still have one of his registers that shows the sign-ins and the rooms for \$1.50. My mom was one of six and they helped my grandfather when they weren't in school, from pumping gas—it was also a gas station and there was a little restaurant—to making up the rooms,” said Kim Sims, likely pinpointing how “hospitality heart” was able to be transmitted down the bloodline.

Today, Chesapeake Hospitality is considered among the top 30-35 management companies in the United States, according to Kim Sims, with more than 30 hotels representing some 6,400 rooms, and \$240 million in revenues. In reflecting on six decades of success, the executive cited the company's culture and the lessons learned from the Sims' heritage in lodging.

“I see us as a very focused, customer-oriented, team-member-oriented company, with core values of honesty, integrity and humility, which goes back to my parents and us growing up in the business,” said the executive. “These are the core values we've built the whole company around. We're very cognizant of all the decisions we make.”

Sims said that he addresses the company's associates about doing things “the Chesapeake way.”

“What exactly does that mean? It's doing what's right. Treating everybody with respect, treating everybody as you would like to be treated,” he said, noting that credo is overlaid on the guest experience, as well as everyone encountered in that present-day Sims' universe.

The third-party management firm's president also sees Chesapeake Hospitality “as a unique company, just because of our business model. We want to make sure that we at corporate are very focused on our owners' assets and how we treat their assets. Being owner/

managers for a good part of our 60 years, we always look through the lens of an owner and manage properties as an owner [would].”

In 2004, Andrew “Drew” Sims started a self-advised REIT, utilizing the company's owned properties, leading the initial public offering as MHI Hospitality Corp., where he then served as president/CEO. He previously served as president of MHI Hotels Services, whose roots stretched back to 1957 when his father founded it as Maryland Hospitality Inc. (Currently, Drew Sims is chairman/CEO of SoTHERLY Hotels [formerly MHI Hospitality], which owns full-service hotels primarily in the Southern U.S.

“At that point we were still MHI Hotels,” said EVP Chris Sims. “In 2010, we changed the name to reposition ourselves more as an independent manager, ready to go out and make a full-force effort to pursue other management contracts. After that, our growth was organic and very limited.”

That year also saw the death of patriarch Ed Sims, who passed away January 19 at 81.

Chesapeake Hospitality subsequently was retained as the independent manager of 10 upscale and upper-upscale hotels for MHI Hospitality Corp.

“In 2010, we really starting deciding how we were going to go out to the marketplace as a company,” said COO W. Chris Green, an 18-year company veteran, who reiterated the business model was set up to reflect the company's core values, experiences and successes throughout the years. “As a group, we felt the best way to maintain that integrity was to be sure we had the right size of staff, the right size portfolio, where people could be intimately in tune with the hotels that we manage. We've kind of diverted from the norm and have very small portfolios for our vice presidents in the field. We ‘over support’ to over-index in performance,” said Green. “We've invested in infrastructure ahead of time, planning for the growth, knowing that benchmarking ourselves against industry results that we outperform in general... We can outperform as long as we manage through our model and that's what we continue to do.

What we provide is a high-touch owner

experience with a high level of detailed reporting, and also availability to owners, to converse with them on an asset basis to make sure they're getting what they need from us. We don't look at a hotel and say: 'This is just another hotel; this is a unique proposition.'

The firm's core business is managing 150-550 room, full-service, first-class, upscale/upper-upscale hotels with meeting space and F&B.

Chesapeake also has a diverse ownership base, noted the COO. It includes high-net-worth individuals, private companies, large capital-equity groups, a REIT and investor consortia. "I think the similar thread among these groups is they have assets that need this high-touch focus. I always kind of joke that we don't manage very many 'belles of the ball.' We've made our hay through the years in secondary and tertiary markets, in non-primary locations, maybe the second-best brand in the comp set. And we've had to work harder and fight harder to win; in doing that, we've just gotten better," said Green, noting for the past several years similar principles around high-touch have been applied to development projects.

"Right now, we're working on development of a Hotel Indigo in St. Louis downtown and a Curio by Hilton in Omaha, NE, for the same group," said the COO.

Chesapeake in late May also opened a Crowne Plaza outside of Chicago for another group. "They came to us because owners we currently do business with talked to them and said: 'You need to talk to Chesapeake,'" said Kim Sims. "So, a lot of our growth is organic growth."

Chesapeake manages the 123-key Crowne Plaza Chicago SW Hotel in Burr Ridge for hotel owner Suresh Sukhramani.

"It's a good place for us to be—accessible through air travel and easy to support appropriately. Those are some of the initial advantages," said Chris Sims, recalling how, at one time, Chesapeake Hospitality was the largest operator of Crowne Plazas in the United States. "We know the brand intimately. The owner had already chosen Crowne so we were very comfortable that we would be able to succeed at that asset. Also, Burr Ridge is not Chicago downtown; it's a

suburb. So it fit right in to our historical model of secondary or non-primary locations within the marketplace."

Chesapeake's managed portfolio consists of brand product from Hilton, IHG and Marriott International, as well as a variety of independent properties such as the 326-key The Georgian Terrace in Atlanta; the 259-room The Whitehall Houston in Texas; and earlier this year, took on the new Hyde Resort & Residences in Hollywood, FL, a 403-key, luxury condo-hotel, of which 367 suites are in the hotel-inventory pool.

The condo-hotel is directly across from Chesapeake's 311-key Crowne Plaza Hollywood Beach—which will be reflagged to a DoubleTree by Hilton this fall—"so we have infrastructure in the marketplace," said Green.

In addition, the company operates two 10-room Hackerman-Patz Houses at University of Maryland medical facilities in Towson and Baltimore, MD, which provide hotel-style lodging for guests visiting patients from outside the facilities' service area. Each suite has two twin beds, a private full bath, an in-room kitchenette and a television.

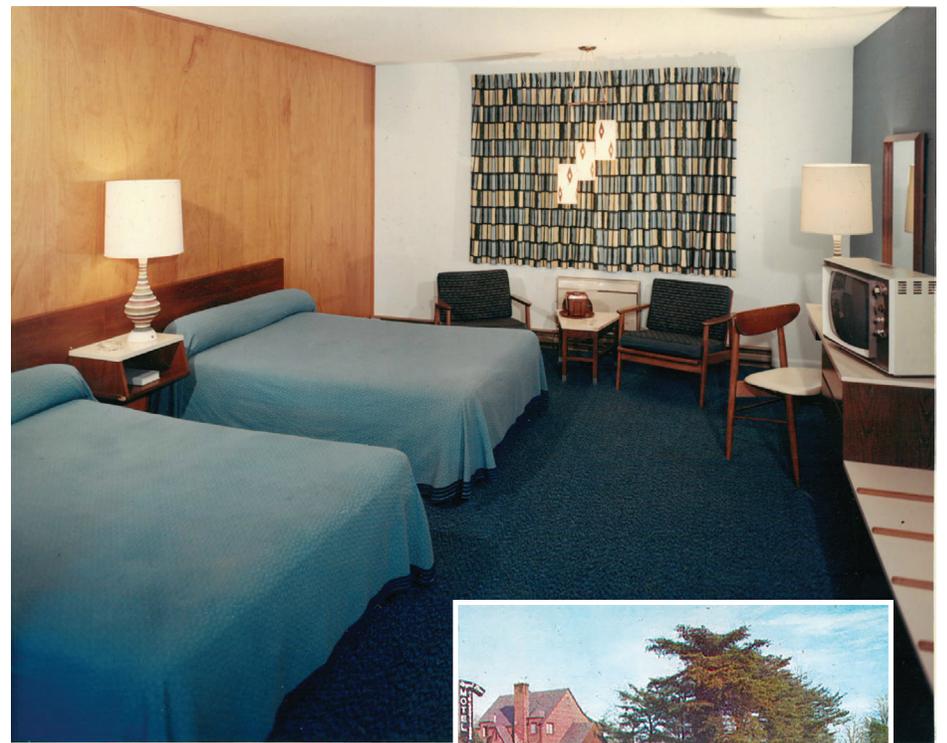
"One of the big pillars of our company is charity and giving back," noted Kim Sims. "We strongly encourage all of our properties to give back in their local communities."

With 60 years of family involvement and an eye toward perhaps growing for another 60, the Sims brothers have brought their own children into the business, including Kim Sims' son Parker, and Chris Sims' daughters, Caitlin and Tori.

"I think we'll continue to grow two-to-three properties a year (depending on conditions)... My aspiration is not to be the biggest management company out there; my aspiration is to be the best," said Kim Sims. "Whenever we take on a property for an owner, I want to make sure they are getting our best efforts and we are giving them the best returns for their assets that we can give."

It's a philosophy that runs in tandem with the personal side as well.

"To me, the biggest thing from our history probably would be the legacy my father left us—our company values and the way we do business," said Chris Sims. "He never wrote it down; he lived his values. And we grew up with it." **HB**



INSET: Where it all started: A postcard of the 12-room Royal Pine Motel in 1957

The Royal Pine's mid-century modern design scheme, circa 1962, would be trendy today.

