

Hospitality opportunities in Central and Eastern Europe

By Alex Stors, London



I had the pleasure of being in Kiev during the recent European Football Championships a few weeks ago and enjoyed watching some good games on TV whilst I was there. Ukraine will host the European Championships together with Poland in 2012 and being in one of the main cities for this event to do some research made me realise just how much needs to be done to facilitate this tournament in four years time.

This article focuses on the former Soviet Republics that are now known as the Commonwealth of Independent States (CIS). Kiev is not unique, there are many cities and resorts all over the territory where there are huge opportunities combined with similar challenges to make things actually happen. In order to make the most of the current situation we should consider the following issues:



- Create the best possible working relationship with all parties involved
- Look for medium to long term returns
- Focus on all aspects of service culture and human resources

The only way to get these opportunities to work is to create the best possible working relationship in between investors, developers, operators and the government. We have to keep in mind that there is still a historical culture of bureaucracy embedded in the governments of most countries. On one hand, the leadership is enthusiastic about foreign investments and the opportunities it brings whilst on the other hand they are hanging on to a lot more red-tape than necessary as this has been practice for decades. Soon there will be a need for amendments in legislation to attract more cash but currently there is a big dissonant in between government wishes and their efforts to attract investors. As long as all parties understand this, work on it and exercise enough patience things can and will be done. Russian investors are more used to this culture and are speaking the same language. As a result they are currently able to secure more deals in CIS Countries. Having a local counterpart or advisor is paramount here as an understanding of local culture will go a long way.

At the moment there is a fairly limited supply of hotels with international standards available whilst demand is high midweek as business in many places is booming. Owners of Soviet Style 2-3 star properties are making very good average rates on very basic accommodation and as such can not see the need to upgrade their product as the returns are more than satisfactory for the moment. Similarly international 4-5 star hotels can charge very high rates as the demand is out there. With the arrival of low cost airlines into the region and a general improvement in transportation, the trend is shifting towards more volume driven affordable hotels that offer good services at a reasonable price and will start to actively compete against the older Soviet Style stock as well as target the more cost conscious business traveller.

Service Challenges

Speaking of service.... there is a serious need for the implementation of a service culture throughout the hospitality industry everywhere in the CIS. Guests are looking for real hospitality with quality, warmth and care and at the moment they rarely get this. Human Resources should be part of any plan from day one with appropriate recruitment methods,

training schemes and empowerment techniques. I have seen cases where this has worked very well but overall there is still a long way to go. Whoever gets this right will see a massive increase in their return. Interestingly enough hospitality forms a very important part of the Eastern European culture and people are very good at looking after their friends and guests in an out of work environment. If we can shift this attitude to the workplace, everyone will benefit.

Asset Manager Opinion

As an Asset and Project Manager I am very excited by the opportunities that exist in Central and Eastern Europe. There is a window of four to five years in which there will be a lot of development and in this period we will be able to share our experience in order to drive projects with great potential to a successful exit. Furthermore, these countries have a wealth of history, culture and natural beauty which will add to the attraction from a leisure perspective. Having someone that brings all parties together, has a good understanding of local culture, a large local network and is reliable can make a big difference to any project.

These are some reflections after a few trips through Central and Eastern Europe. Personally I am working on a few interesting opportunities that I hope will bear fruit soon. I also realise that there is a lot to learn and as we create a local team I will, no doubt, educate myself on the way. Hopefully I can share my further experiences with you in another article and assist you in your dealings in this great part of our globe.



Alex Slors is a strong team player with over 20 years of experience in the hospitality industry. Hands on knowledge of hotel operations as well as corporate office environments within prestigious international companies (Dorchester Group, Le Méridien, Forte) give a balanced approach to the business challenges we are facing today. Achievements include creation of internal control systems that encompass all facets of hotel operations, project management for world-wide IT application rollouts, group consolidation work for statutory and managerial purposes, creation of a shared service centre for non hotel specific finance functions and a large variety of reporting models for day-to-day as well as development purposes.

Key Skills

- Financial Control - Commercial approach to hospitality issues at all levels
- Asset Management - Independent expertise for the benefit of hotel owners
- Communication - Confident public speaker, strong believer in open verbal contact
- Leadership - Hands on and transparent, driving the team forward together
- Inspiring - Energising internal and external support for major business initiatives