

INDUSTRY INSIGHTS

BEYOND MERGERS

NAVIGATING THE HUMAN SIDE OF HOTEL MANAGEMENT
CONSOLIDATION

JANUARY 2025

BEYOND MERGERS: NAVIGATING THE HUMAN SIDE OF HOTEL MANAGEMENT CONSOLIDATION

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The hotel industry is undergoing a profound transformation driven by the rise of third-party management, now responsible for over 75%¹ of U.S. hotels, yet the sector remains fragmented. The top 20 operators² manage only 12% of rooms collectively, with industry leader Aimbridge Hospitality overseeing just 3%. This fragmentation has fueled a wave of consolidation, creating larger operators with extensive portfolios, driving efficiency, and enhancing bargaining power. However, these mergers present challenges, including integrating company cultures, maintaining service standards, and addressing workforce issues like staffing shortages, high turnover, and middle management gaps. Success in this landscape demands strategic talent development and a focus on post-merger integration to align operational and workforce priorities effectively.

- Recent high-profile M&A and strategic investments include:
- 2019: [Merger](#) between Aimbridge Hospitality and Interstate Hotels & Resorts
 - 2021: HMM's Acquisition of White Lodging
 - 2022: Remington Hotels' [Acquisition](#) of Chesapeake Hospitality
 - 2022: TowerBrook and Related Fund Management's [Investment](#) in Stonebridge Companies
 - 2022: HMM's [Acquisition](#) of White Lodging and Urgo Hotels
 - 2022: Benchmark's [Acquisition](#) of Provenance Hotels
 - 2023: Stonebridge Companies' [Acquisition](#) of Real Hospitality Group
 - 2023: First Hospitality's [Acquisition](#) of Hostmark Hospitality Group
 - 2024: [Merger](#) between PM Hotel Group and Sightline Hospitality
 - 2024: Davidson Hospitality Group's [Sale](#) to Nautic Partners

1. Management Talent Pool and Resources

Consolidation offers opportunities to enhance management talent pipelines and resources, but success requires balancing standardization with cultural integration and maintaining property-specific expertise.

Opportunities: <ul style="list-style-type: none">Expanded access to skilled professionals across broader portfolios.	Challenges: <ul style="list-style-type: none">Integration of different corporate cultures and operating procedures.
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¹ Source: [Hotel Investment Today](#).

² Source: www.Hotelmanagement.net:Hotel Management Survey 2024 of Top Third-Party Management Companies.

<ul style="list-style-type: none"> • Greater financial resources for training and development programs. • Enhanced ability to offer competitive compensation packages. • Improved technology infrastructure for training and development. 	<ul style="list-style-type: none"> • Maintaining local market expertise while standardizing practices. • Risk of talent departure during transition periods. • Complexity of managing varied property types and service levels.
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2. Leadership Development

Consolidation demands leaders with advanced business acumen and hospitality expertise, supported by structured development programs to navigate complex operations, prevent leadership burnout, and maintain consistent quality.

<p>Opportunities:</p> <ul style="list-style-type: none"> • Creation of leadership academies for multi-property management. • Cross-functional experiences across diverse asset types. • Cross-property rotation programs for skill development. • Integration of data-driven decision-making tools. • Increased advancement opportunities across larger portfolios. • Implementation of structured succession planning programs. 	<p>Challenges:</p> <ul style="list-style-type: none"> • Complexity of standardizing leadership practices across diverse properties. • Burnout from managing larger portfolios without adequate resources or support. • Maintaining consistent quality while scaling operations. • Building effective succession planning programs. • Managing leadership transitions during mergers and acquisitions.
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3. Frontline Engagement

Consolidation offers opportunities to enhance benefits and career pathways for frontline employees, the backbone of hotel operations, but must balance standardized practices with local identity while addressing challenges like low wages, high stress, and limited advancement opportunities.

<p>Opportunities:</p> <ul style="list-style-type: none"> • Economies of scale enabling better benefits packages. • Standardized training and development programs. • Creation of mentorship and career coaching programs 	<p>Challenges:</p> <ul style="list-style-type: none"> • Maintaining local leadership identity while scaling operations. • Addressing systemic compensation and working condition issues. • Balancing standardization with property-specific needs.
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<ul style="list-style-type: none"> • Technology investments for improved work experience. • Broader career advancement opportunities. • Implementation of cross-property staffing programs. 	<ul style="list-style-type: none"> • Managing cultural integration during mergers. • Retaining property-level talent during consolidation.
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4. Brand Support and Implementation

Consolidation amplifies the role of third-party operators in delivering brand promises across diverse portfolios, requiring stronger collaboration between brands and operators. Operators must balance brand standards with ownership goals, navigating competing priorities in an increasingly complex landscape.

<p>Opportunities:</p> <ul style="list-style-type: none"> • Standardization of brand training across larger operator portfolios. • Enhanced technology integration and support systems. • Economies of scale in implementing brand standards. • Joint development of talent pipelines and training programs. 	<p>Challenges:</p> <ul style="list-style-type: none"> • Aligning brand expectations with operator capabilities and resources. • Managing evolving technology demands and implementation costs. • Balancing brand requirements with operational efficiencies. • Coordinating multiple brand initiatives across operator platforms. • Ensuring consistent guest experience while accommodating local market needs.
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Stakeholder Priorities and Recommendations

Stakeholder	Key Needs	Recommendations
Operators	Leadership pipeline, workforce retention	<ul style="list-style-type: none"> Establish leadership academies and structured development programs. Implement competitive compensation and clear career pathways. Create robust employee engagement initiatives. Proactively address cultural integration challenges during mergers.
Owners	ROI, operational transparency	<ul style="list-style-type: none"> Include talent-focused KPIs in contracts. Demand transparency in workforce strategies and outcomes. Monitor the impact of consolidation on property performance.
Brands	Brand consistency, guest satisfaction	<ul style="list-style-type: none"> Enhance training and operational support for third-party operators. Improve technology stack, including distribution capabilities, CRM systems, revenue optimization tools, etc. Provide clear, accessible brand guidelines and implementation tools. Support talent pipeline development across the portfolio.

Moving Forward

Success in this consolidated landscape requires a fundamental shift in how the industry approaches talent management. Operators must prioritize workforce development while maintaining operational efficiency, owners should demand accountability for talent metrics, and brands must provide stronger support systems for their operating partners.

The future of hotel management depends on building resilient workforces that can deliver consistent guest experiences across expanding portfolios. This requires not just investment in people and technology, but a collaborative approach among all stakeholders to reshape the industry's value proposition for current and future hospitality professionals.

In this rapidly evolving landscape, prioritizing talent is not just a strategy - it is the foundation for sustainable success.

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Irina is the President and Founding Partner of Highridge Search, bringing 15 years of experience in development and hands-on transaction and asset management to executive recruitment of real estate and hospitality executives.

Prior to launching Highridge, Irina led her own investment and development advisory firm focusing on lifestyle-driven hospitality and mixed-use projects, including lodging, multi-family, food & beverage, and neighborhood-making. Irina worked closely with developers, investors, and operators on expansion strategies, project planning, acquisition/disposition, valuation, programming, and capital raising.

Irina held various investment and business development roles at Gansevoort Hotel Group, Credit Suisse Asset Management, Starwood Capital, and American Express. She began her career as an Investment Banking analyst with Merrill Lynch Global Telecom and Media Group in New York, where she focused both on M&A and corporate finance transactions followed by two years in Strategic Alliances at Level 3 Communications.

Irina earned a bachelor's degree in Mathematics and Economics, Phi Beta Kappa, from the University of Chicago and holds an MBA from Harvard Business School.