



Hot Hoteliers

By Scott Carlson Photo Silas Crews

Wischermann Partners helps heat up the Minnesota hotel scene



The Westin Edina Galleria Hotel & Residences in Edina, Minnesota



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—Paul Wischermann

\$200 million. The firm has added three partners to help in the operation and development work.

"The hotels we are managing or will manage in 2008 exceed total annual revenues of \$60 million," Paul says.

Although some of Wischermann Partners' success has been serendipitous, the couple was strategic about at least one thing: They wanted to work with New York-based Starwood Hotels because it was a national player who was underrepresented in the Twin Cities market. For example, the Hilton and Sheraton companies had more than 20 hotels in the metro while Starwood had only three, Paul says.

Today, Wischermann Partners has nine deals executed with Starwood Hotels and Resorts in the Twin Cities and Duluth and another one in the approval stage. Completed deals with Starwood, whose brands include Sheraton and Westin, represent 1,642 hotel rooms, 407 residential units and about \$630 million in total development.

Currently, Wischermann Partners is also actively pursuing development of another \$800 million worth of new hotel and condo developments that would represent another 2,100 hotel rooms and 300 residences.

In carving out its niche in the luxury and upscale hotel market, Wischermann Partners has expanded its hotel consulting and management services beyond Minnesota to new markets such as Florida, Texas, Colorado and California.

Looking back on their success so far, the Wischermanns say they had an road map to guide their plans. But Jackie and Paul, who first met at a hotel conference, have had hospitality in their blood for years. Paul was born into a German family of hotel owners like in a third-generation hotelier while Jackie has been in the industry nearly all her adult life, starting out as a front desk clerk and advancing into senior positions at management companies.

The Wischermanns have definite views on what it takes to build and manage successful hotels. The most important element they say is focusing on guest satisfaction that is aimed at leaving customers with great memories.

"When you are passionate about what you do, then it becomes very easy to go the extra mile, or in some cases, the extra inch. And in the development world, it really can be a matter of inches," relates Paul.

The Wischermanns also know that paying attention to small details is as important as seeing the big picture in their business. For example, they recently talked about what kind of soap dish should be in the bathroom of a hotel room for the Minneapolis IVY Hotel. Of the trio of simple soap dishes they were considering, one had a nice design but the couple expressed doubts that they could withstand hotel use.

"You wouldn't think that Jackie and I would have a discussion about a soap dish, but we do," says Paul with a smile.

When Paul and Jackie Wischermann said "I do" in the fall of 2002, they were really committed to one another: The day they got married also marked the incorporation of their hotel consulting business. "Talk about jumping in with both feet," laughs Jackie.

Jackie was a veteran manager of upscale hotels, and Paul, a hotel executive at Carlson Companies. They were starting Wischermann Partners a little more than a year after the terrorist attacks of 9/11 sent the U.S. hospitality industry reeling.

"Most people would have said that wasn't the best time to start our business," Paul recalls in understated fashion.

Still, the couple struck out on their own when Paul faced a job change. Carlson Companies ended the development effort on the Lifestyle Living business and he headed and asked him instead to sell franchise and management contracts.

"Do not really sure I saw a future in that for myself since I was more of a hands-on development person," Paul recalls. "At that point, I decided to part with Carlson Companies."

Paul and Jackie believed their hotel expertise and relationships with architects and contractors in the industry gave them a shot at development consulting work, and their health proved right. They landed two big consulting jobs: the \$17 million Sheraton Minneapolis Midtown a 130-room hotel that was part of the transformation of the former Sears property on Lake Street, and the \$42 million Sheraton Duluth a mixed-use project of 147 hotel rooms and 33 residential condominium units.

"The beauty of that is we caught the upswing in the new development cycle right from the beginning," Paul says. Still, Wischermann Partners' first three years were "very tough financially," according to the couple. It's only been within the last 24 months that their business has begun to take off. The "tipping point" came when the Wischermanns also became development advisors for the \$90 million IVY Hotel + Residences in Minneapolis. The IVY, which will have 136 hotel rooms and 88 luxury residences, is set to open this November, while the Westin Edina Galleria Hotel and Residences, with 225 rooms and 82 residences, is expected to debut in September, 2008.

At the Westin Galleria, residential units are selling from \$400,000-\$2 million with the average condo unit measuring 1,700 square feet. "It has created a new high-end market for Edina," Paul says.

Paul and Jackie feel their work at the IVY Hotel + Residences was also a defining moment. They agreed after weeks of "tool searching" to serve not just as development consultants, but also to accept the owner's offer to manage that property too.

"We had to decide whether we were going to stay a husband and wife team that is basically in the consulting business with a little bit of management in the backyard or build an organization," Paul says. Their decision in 2004: "Let's build an organization."

Today, Wischermann Partners has, or is actively working on, more than 25 projects ranging in size from \$20 million to

the management of Wischermann Partners. "We put a lot of effort into hiring," Jackie says. "Everything is about the employees. They will make us successful."

The Wischermanns' commitment to workers includes generally paying them better than the industry average. In the end, they say hiring people with a star's attitude is as important in most cases as their expertise.

A couple of ways Wischermann Partners ensures success is through guest satisfaction surveys and tracking the turnover of hotel employees.

Says Paul, "A minimum standard [for guest satisfaction] for us would be to be in the top 50 percentile in each brand we are competing with."

For the first quarter of 2007, the Midtown ranked ninth among 200

Sheraton hotels in North America for guest satisfaction. And in its first 18 months of operation, the Sheraton Midtown has retained about 40 percent of its original employees, far better than the typical 100 percent annual turnover at most hotels.

The Sheraton Midtown's revenue is also about 20 percent higher than original budget estimates, Paul says.

Looking ahead, the Wischermanns say managing their firm's growth will be a key challenge as it moves from being strictly a regional player to a national one. To that end, Paul says his company is trying to grow in clusters "so ultimately we have different regions where we are focused."

Scott Carlson is a former business writer for the St. Paul Pioneer Press.

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