



Hotel Industry Movers & Shakers

Stefan Mühle

Area Managing Director • The Argonaut & The Tuscan, San Francisco, CA
Noble House Hotels and Resorts

From Berlin to Lake Geneva, and Santa Fe to San Francisco, hotel and restaurant veteran Stefan Mühle has amassed diverse business—and cultural—experience. Which comes in handy these days, as the travel audience is consolidating around two distinctly different groups: Millennials and Baby Boomers.

“The modern traveler is being redefined as we speak,” Stefan says. “The current challenge is to serve both Millennials and Boomers—two very different audiences. How can you get them on the same page? How can you cater to them both?”

But Stefan is particularly ready for the challenge of catering to several distinct audiences. Because of his diverse background, he’s well schooled in cultural sensitivity.

Trained in Adaptability

After three years as an apprentice for the Swiss-owned and operated Hotel Schweizerhof, a one year scholarship to Cesar Ritz College at Le Bouveret near Montreux in Switzerland, a

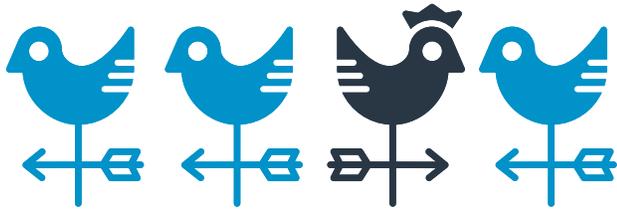
degree in Hotel and Restaurant Management and another one in Business & Marketing from Washington State University, Stefan was “lucky enough to be recruited by the General Manager of The Drake Hotel in Chicago.” The Drake was good to him, Stefan remembers. After seven years there, working his way up to Director of Catering Sales, he was ready for a change. Married by now, he and his wife headed west.

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Stefan worked for Ironstone Vineyards in Murphys, California and Bishop’s Lodge in Santa

Fe, New Mexico before he was recruited by Coastal Hotel Group for a GM position at the Orchard Hotel in San Francisco.

A Contrarian Response to an Industry Slump



Early in his tenure at the Orchard, 9/11 hit, prompting Stefan to rethink everything. In the midst of falling bookings, while his competition eliminated many services, including turndown, in-room dining, and newspaper delivery, Stefan swam against the current. “Because otherwise, it’s just a big race to the bottom,” he recalls. He added amenities rather than take them away and challenged every department to come up with cost saving recommendations that would not impact the guest experience. They went paperless, recycled printer toner and bought locally. They used simpler, less expensive, less toxic cleaning materials. Stefan estimates these moves initially reduced operating expenses by 10%, but that was just the tip of the iceberg.

The Orchard joined the the Department of the Environment’s Green Business Program and became one of the first certified green hotels in San Francisco. In an industry slump, while other properties struggled to sustain, it saw increased revenue and gross operating profit, a 20% market share gain, a 22% increase in occupancy and a 15% lift in average rate. On the heels of such success, the Orchard’s owner was ready to build another hotel from the ground up.

Building, Launching and Marketing Hotels from Scratch

While still running the Orchard, Stefan then oversaw the building of an 86-room hotel with a living roof in downtown San Francisco—The Orchard Garden. It became the first LEED certified hotel in California and only the fifth in the world at the time. It also received Green Seal certification and, like its sister property, became certified as a Green Business by the Department of the Environment. “We capitalized on these unique differentiators and were able to secure extensive press coverage” Stefan says. The hotel was profitable after 3 months. Within one year of launch, they enjoyed an annualized market penetration of 100%—an achievement that usually takes several years.

After eleven years with the Orchard Hotels, Stefan was ready for another change and went across the San Francisco Bay to Casa Madrona Hotel and Spa in Sausalito. “It was a small, but

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complicated property,” Stefan recalls. The 64-room hotel included a large restaurant and spa, but it was an extensive overhaul of the property that kept Stefan busy. He oversaw a \$22 million renovation over the next two and a half years.

Back in the Bay Area

By early 2016, Stefan decided to return to San Francisco. He joined Noble House Hotels and

“Millennials value status, luxury, excitement & adventure.”

Resorts and is now Area Managing Director for the Argonaut and The Tuscan in San Francisco—two iconic properties on the edge of the bay at San Francisco Fisherman’s Wharf - a complex market with a big challenge ahead.

“We’re assembling a team to navigate rough waters coming up in the next few years. The economy is okay—San Francisco is still a hot market—but market growth is starting to slow. The next three years will be challenging,” Stefan says. Moscone Center, San Francisco’s largest convention space, is set to close while it adds more than 250,000 square feet of exhibit space, which will impact business all over town. “But we have a microclimate in Fisherman’s Wharf, so tourists will keep coming. We just need to ensure we are positioned properly,” he adds.

Success with Tomorrow’s Travel Audience True to form, Stefan’s response to the impending challenge is to double down on cultural sensitivity. “In my professional travels, I’ve learned to be flexible and responsive to different cultures,” he says. “My approach in Germany didn’t work in Chicago, which didn’t work in Santa Fe.”

In other words, Stefan has always been market-driven. In three to four years, he expects Millennials will make up 50% of his audience and he’s adapting his approach accordingly.

“Millennials value status, luxury, excitement and adventure,” he says, “and they have no patience for managing reward points.” He also puts a good deal of stock in reviews for this audience. “Reviews matter to Millennials—they trust crowd-sourced information more than brand messages. They are also more likely go to five or six sources and read reviews before they make a booking.”

Like the veteran he is, Stefan faces the challenges of the next several years with a focused and straightforward strategy. His advice includes:

1. **Look to sites like Expedia or TripAdvisor for insight into what your customers care about. Stefan notes that his audience cares mostly about three amenities: fast WiFi, free breakfast and free parking.**
2. **Keep your audience engaged by creating packages of unique experiences that include the amenities they want.**
3. **Don’t expect people to just find you. Invest in pay-per-click advertising and measure your ROAS.**
4. **Engage in two-way communication right away. If a potential customer asks your help with a reservation over Twitter or Facebook, respond promptly and cover it.**
5. **Create and optimize online content. Tomorrow’s travelers will rely even more on user-generated content than they do today. Being found, being validated and generating bookings will become increasingly digitized.**

This is the first in a series of articles profiling successful hoteliers who are moving the hospitality industry into the future.