

PINNACLE
AWARDS 2009

COMPANY OF THE YEAR,
REGIONAL

ALL IN THE FAMILY

Small, regional hotel company is thinking big in the GTA
BY ALISTAIR KYTE • PHOTOGRAPHED BY ROGER YIP

When Dominic Meffe was running his own restaurant and pizza delivery business on Toronto's west side in the 1970s, every 16-hour shift he worked was just another day at the office. While the long hours were a grind, he loved his job, and he was good at it, too, building a loyal customer base immediately. On some evenings Meffe was so busy he'd deliver the pies himself, still wearing his sauce-splashed apron.

Many of those trips were to busy hotels in the area. But each time he pulled into a packed lot awash in the red-neon glow of a 'No Vacancy' sign, a light went off in his head. "I'm running around like a mad dog trying to make a buck and these people had beautiful properties," he recalls. "Their hotels were full, there was one person working behind the front desk and the owners were probably at home relaxing." He started to ask the hotel managers he knew from his frequent visits how much it cost to buy a hotel. They told him about \$2 or \$3 million for one down on the Lake Shore strip. "I had just bought my restaurant for \$22,000 with only a \$3,000 deposit," Meffe muses. "I had a long way to go to be able to afford a hotel."

No matter — he was determined to make it happen. By the time his family arrived in Canada from Italy, Meffe already knew the value of hard work. It was a lesson that stuck — he once worked at his restaurant every day for three years straight. "Did I enjoy doing it?" he ponders. "I didn't think about it. I had a goal in mind."

Fast-forward to today and Meffe is eyeing his eighth new-construction hotel in the GTA, a 130-plus-room property near the 407 and Warden in Markham. As president and CEO of Monte Carlo Hotel Motel International, he didn't just meet his goal; he smashed it, building a successful hotel company from the ground up, one property at a time. And he's just getting started. Sitting behind his

*LA FAMIGLIA:
(left to right) Danny
Pedone, Justin and
Dominic Meffe at the
Monte Carlo Inn –
Vaughan Suites in
Vaughan, Ont.*



large desk atop Monte Carlo's corporate offices in north Mississauga, he reflects on his journey over the past few decades. "Things are great," he says in his staccato, old-country accent, "but we work very hard. We take nothing for granted."

It sounds simple, but amid tremendous change in the hospitality industry — new technology, construction and design methods, financing models, leadership styles and brands are emerging all the time — Monte Carlo's back-to-basics, locally owned approach produces results. Factor in the market conditions of the past 16 months and consumers are looking to spend their money on products and services they trust. Simple is smart.

Since opening its first 34-room motel at Dundas St. and Highway 427 in 1984, Monte Carlo has carved out an enviable niche in the GTA for smaller scale hotels that have meeting rooms and a restaurant. "Dominic was also the first hotelier in Mississauga to offer a complimentary breakfast program," says Danny Pedone, vice-president of Franchising, who's also Dominic's son-in-law. That free "semi-warm" breakfast, paired with Monte Carlo's friendly staff, clean rooms and amenities like full-service restaurants,

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business centres as well as meeting and event space, can all be had for a great price, and that keeps guests coming back.

"Monte Carlo always over-delivers," says John Sotos, a franchise law expert based in Toronto. Good planning, good execution and a strong management team also keep the company on solid footing at all times. "They're very methodical. They pay attention to every aspect of the business."

When Monte Carlo opens a hotel, Meffe says it's above 80 per cent occupancy usually within four to six weeks, which is phenomenal. "Sometimes I ask myself, 'How does that happen?' Well, you give people good value for their money," he says. "You never gouge them. Customers are smart; they recognize value."

Each of its properties are franchised (though Meffe says the company owns a piece of each), and they're located in high-traffic, suburban areas in the GTA where there's a good mix of industry, office space and residential homes nearby. On average, a new hotel costs about \$100,000 to \$110,000 per room to build. In summer, 60 per cent of its bookings are from business travellers, with that number going up to about 75 per cent in the other seasons. Rooms have microwaves, coffeemakers, fridges and cabinets, and with the free breakfast and a restaurant on-site, the hotels are appealing to extended-stay travellers as well.

During the past year Monte Carlo's ADR was \$98, with an occupancy rate of 74 per cent and RevPAR of \$74 (its fiscal period includes the fourth quarter of 2008 and the first three quarters of 2009). "We like to see our RevPAR

in the 80s," says Justin Meffe, 37-year-old vice-president of Operations, and Dominic's son, adding the fourth quarter of 2009 has been strong so far.

"Are we doing as good as last year? No," says Dominic, matter-of-factly. "Are we doing as bad as we could have? No. We're fairly content, due to the circumstances. We're adjusting some of our rates and approaching things a little differently than we would through boom times. Our salespeople, management and staff can't lose anyone. Whoever walks through the door, we have to check them in."

To help get through the recession, in addition to an aggressive sales strategy, Monte Carlo looked at areas where it could position itself better, including a re-emphasis on the guest. "We tried to bring in more value-adds to our product and give customers more," says Justin. That included improving the breakfast program and renovating some restaurants. An interior designer was brought in to refresh some of the rooms as well, and flat-screen TVs were added to many suites.

One thing it didn't do was get into widespread rate discounting. "You don't drop rates to get customers in the door," says Dominic. "But you have to make sure that the customers who are already with you know that when

things are great, you're not going to raise rates a lot, either." Aside from maintaining relatively steady rates, it also invested more money into marketing and, in a shrewd move, diversified its radio, TV and print campaigns to

reflect the growing multicultural makeup of the region.

In terms of expansion, Collingwood, Ont., is on the radar, and Dominic is eyeing a move into downtown Toronto. He's even looked into building resorts in Cuba and Costa Rica. He also gives back. Monte Carlo's official charity is the Darling Home for Kids in Mississauga, which is for chronically ill children. The new family room was recently named in honour of Dominic and his wife, Carmela.

But no matter how big the company grows, Monte Carlo franchisees are happy with their investment. Many franchisors take their profit off the top line, regardless of whether the franchisee makes any money. Other than a reasonable royalty fee, Sotos says most of Monte Carlo's revenue comes from a share of the profits. Franchisees and the franchisor make their money off the bottom line. It's a true partnership.

"The big flags typically have an occupancy rate of 50 to 70 per cent. Dominic has always had occupancy rates near 90 per cent," says Ron Sedlak, a franchisee for seven years. "I credit that to his philosophy. He does little things that create brand loyalty, and he never stops working."

Best of all, as the head of a regional, family grown company, he's accountable. Intimate market knowledge and knowing when to adapt to changing conditions means decisions get made quick, instead of being tied up in bureaucratic red tape. "We are more hands-on," says Dominic. "We can guide our franchisees better, day by day, than someone who's 5,000 kilometres away and only shows up for the grand opening." ♦