Q&A: Chief Executive Builds on Success of Grandfather's Super 8 Motels With New Chain

Ryan Rivett Pushes Growth of Midwest-Based My Place Hotels Chain Across the Country

My Place Hotels Chief Executive Ryan Rivett expects to expand the chain across the country in the next two years. (My Place Hotels)

Ryan Rivett has founded and launched a new hotel chain as a franchise, is wrapping up construction of his 50th property in just
eight years and has racked up almost 15 years in the lodging industry. And he's only 36.

Hotels are in Rivett's DNA. His grandfather Ron Rivett co-founded the Super 8 economy hotel brand in 1973. He sold the chain in 1993 for $125 million to the company that later became part of business services company Cendant Corp., which spun off its lodging business that includes the chain as the hotel giant Wyndham Worldwide. But, the Rivett family still owns and operates the first Super 8 Motel, built in Aberdeen, South Dakota, in 1973.

Ryan and Ron Rivett opened their first My Place hotel in 2012 and the midscale chain, which has ramped up growth over the past two years, entered its 22nd state last month with the opening of a new hotel in Mount Pleasant, Wisconsin, near Milwaukee,

Super 8 reached 1,000 properties by 1993 after a fairly slow start in the 1970s followed by an explosion of growth in the 1980s. Ryan doesn't see why his chain, My Place Hotels, can't eventually hit that mark.

"We have set large goals," Ryan Rivett told CoStar News. "When you've got 50 properties open and nearly 100 franchises sold, to start talking about having 1,000 properties seems a little premature and a lot of blue sky. It may be, but we won't know until we get there. I haven't been able to find anything that tells me it's not possible. We have the resolve and capability to get there."
Over the past two months, My Place has started construction on new hotels in Plainfield, Indiana; Shakopee, Minnesota; Overland Park, Kansas; and Avondale, Arizona, a suburb of Phoenix.

Ron Rivett is still very active in the business at age 79, with an office down the hall from his grandson at the corporate headquarters in Aberdeen, South Dakota.

"He was just on the phone with two of our regional managers, doing a little bit of motivating," Ryan Rivett said. "He's really passionate about anything new that we've launched, like our recent loyalty program. He's pretty much seen and done it all."

Ryan Rivett spoke with CoStar News about the changing hospitality industry, how he became partners with his famous grandfather and where in the United States the chain expects to expand over the next couple of years.

**CoStar News:** Did you assume when you were a kid that you'd get into the hotel business? Did you consider getting into something different?

**Ryan Rivett:** It was always an expectation of mine growing up. The hotel was the biggest factor in our family, but it’s never been the mom-and-pop type of family business where brother worked this day, or uncle works this day. My grandfather, who started the business in the ‘70s, is my partner now. Prior to Super 8, there was no link to the hotel business in our family or anything other than a normal middle class success story. It was something I looked up to and was anxious to get involved in.
What sets My Place apart from the rest of the hospitality business, which has mostly consolidated into a group of huge global companies publicly traded on Wall Street?

Our way of doing business has a lot to do with where we’re located in the country. The institutional lodging business is really centralized on the coasts. We’re in the upper Midwest, where admittedly business is a bit simpler. I struggle a bit with the description because we're not necessarily a family business. I’m the third generation of the family, but only the second to be involved, so it’s not a legacy family business, but we operate like a family business because customers, employees or franchisees, become accustomed to being treated like family.

What parts of the country are you looking to expand in?

There are no boundaries. We started in the Midwest but it was never our intention to remain a Midwestern company in our locations. We started close to home, and we're working our way outward. We’ve got properties in Alaska and properties under development in California, Oregon and Washington, and on the East Coast in Virginia, in the Carolinas and in Georgia. A new hotel brand grows by impressions and saturation, so it can take some time to get to the outer reaches. But we’ll see a lot more of our growth in the coasts and farther left and right of center from here over the next couple of years.

Do you consider My Place to be more of a midscale brand or an economy chain?
The definition of a midscale or economy hotel is different today than it was 10 or 15 years ago. We have a lot of methodology and principles that tie us back to our roots in the economy hotel segment, as it was 20 or 30 years ago. But economy hotels are different today. We’ve evolved from starting with a very prominent identification as an economy brand into a midscale and extended-stay brand that our customers and franchisees expect us to be. Industry analysts as well as our customers have associated us with everything identified as midscale.

**Do you feel the economy segment is at end of its life cycle?**

The economy hotel model, although there are a lot of properties that are viable and in operation, has not evolved. It has actually been somewhat replaced. Less than 5% of new hotel development, for a long time now, has been economy hotels. A business can’t go too long with very little growth without characterizing it as the end of the life cycle of a product.

**How did changes in the business inform you and your grandfather’s decision to conceive and launch My Place?**

As hotel developers and owner-operators prior to starting My Place, we recognized that in every market where we were developing a hotel, the only thing that was popular and growing was the upper-midscale segment of the industry. Economy was the only segment where growth was slowing, and property were getting older. We found our niche between those segments.
With rising construction and labor costs, many developers believe it’s a challenge today to grow by building from the ground up. Do you agree?

Everybody is suffering from the same rising costs, so this isn’t a competitive disadvantage for us. In fact, we’re in a position to find advantages. When gas prices rise, the people who struggle the most are those with the least efficient cars. We have the most efficient car on the road in terms of our business model and competition in the industry. We are designed more efficiently than most of our competition.

We’re not focused on dense urban areas like downtown Chicago or New York, but the markets we’re going into are complicated and in many cases, even more challenged by labor shortages and rising costs because there’s less population density. Our smaller hotel footprint and efficient design and construction is very intentional, and we generally get properties to market as fast as possible, and quicker than our competition.

Is growth on the scale of Super 8 in the 1970s through the 1990s even possible today?

The economics of that kind of growth are the same, but the methodology is different. We built the first hotel in 2011 and opened in 2012, but we didn’t become a franchise until 2014. Based on Super 8’s growth in the first five years in the 1970s, we’re outpacing them at this point. They really exploded in growth and reached 100 hotels in the mid-1980s and grew to 1,100 by 1993.
But it took them almost as long to reach 100. We’re beginning to see more institutional franchisees with multiple properties coming to the table, and that’s where our growth will accelerate.