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## **How to Unlock Creative Solutions Through First Principles Thinking**

By Sloan Dean, CEO and President,  
Remington Hotels

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I learned early in my career that humans can handle bad news; they just can't handle surprises. When it was apparent on March 2, 2020 that we were heading into World War III for Travel, the leadership team and I began by mid-March weekly webcasts with the entire company. That one communication decision became the most fundamental initiative throughout this past year. It also formed (and informed) our "First Principles Thinking," which has helped us to "rethink" our business. We have never missed a week of hosting our company webcast, and we made sure that all our furlough associates were and continue to be included. In these forums, leading with empathy first and foremost, we answer every single question even if it is a repeat because we want every associate to be heard. The same holds true if we don't have the answer or an answer anyone likes; we still address the question. In these uncertain times, inviting curiosity and questions concerning "what is" and "what could be" often leads to better outcomes.

### **First Principles Thinking**

"Innovation" in hotels all too frequently means moving simply one or two steps to the right or left but does not go further to analyze and work through the problems to arrive at new solutions. In addition to weekly webcasts with our entire team, Remington Hotels took this opportunity to

**creatively** rethink basic operations, innovate, and **reinvent the way we operate**. We formed cross-functional operation teams to reinvent our entire business across six workstreams: 1) Accounting 2) Front Desk, Amenities & Guest Services 3) F&B 4) Housekeeping & Engineering 5) Commercial 6) HR/Associate Engagement.

We employed First Principles Thinking, which dates back to ancient philosophers such as Aristotle and more recently, has become widely known by entrepreneur Elon Musk. James Clear, author of the New York Times bestselling book “Atomic Habits,” describes this methodology as “breaking down complicated problems and generating original solutions” (Clear n.d.). In our application, we listed the various responsibilities for each department and challenged the assumptions surrounding each of the related tasks.

We labeled the project code word, “Project Phoenix” because our objective was more than a series of changes and updates to our pre-COVID business; we wanted a rebirth from the ashes of the pandemic. One outcome of First Principles Thinking was a new approach to our shuttle service. Rather than simply pausing shuttle service temporarily, Remington started with the questions that included: “What are our guest transportation needs? Does the guest want a shuttle anymore?” The goals were to 1) save money; 2) provide a better guest experience; 3) enhance safety; and 4) significantly reduce any liability exposure for our owners. Pre-COVID, we operated more than 60 shuttles across over 30 hotels at a seven-figure expense. After Beta Testing a first-in-industry partnership with Lyft, we have rolled out a Lyft partnership at approximately 30 hotels where Remington covered the cost for Lyft rides for guests instead of maintaining a shuttle service. After launching this service, we learned that the guests preferred it because it provided a direct drive without stops as opposed to a noisy bus with other passengers. For the owner/operator, at normalized occupancy, the cost is lower because it eliminates shuttle expenses of labor, maintenance, gas depreciation, and insurance. Another advantage was being able to sell the shuttles, take an asset/liability off the balance sheet, and give owners much-needed cash back. Plus, Lyft assumes all ride liability, allowing our company to shed liability, insurance risk, and cost from our owners since these expenses are assumed by Lyft. It’s important not to overlook that if one large accident occurs along with an ensuing lawsuit, the cost would be significant, wiping out any benefit of a shuttle.

Additional questions that we arrived at using First Principles Thinking were: “Should we offer daily housekeeping?” and “Do the guests still want it?” We currently only provide housekeeping on the third night of stayovers and have maintained our cleanliness scores. We are currently asking, “How many of our prior 68-operated restaurants should reopen with only 20 currently operating?” “Do the guests want the same experience, or should we modify and provide mobile-order-and-pay options?” “Should we offer a bar-focused experience as an alternative?”

Any hotel operator that is merely “pausing” services and is waiting for a return to “normal” is not using this pandemic in a strategic manner to reinvent the business and to be more profitable over the long term, even at lower occupancy levels. Remington Hotels was GOP (gross

operating profit) positive in March 2020 and returned back to GOP positive in June 2020. Mitigating cash burn for our owners while managing associate burnout in parallel has been our marching orders for the past thirteen months. This positive outcome would not be achievable had we not led with empathy and tapped into our curiosity by listening to all questions, being transparent in our answers, and following up by exploring in great depth the “what if” questions using First Principles Thinking.

Adam Grant, New York Times bestselling author of *Originals* and *Think Again: The Power of Knowing What You Don't Know*, captures the consequence of not going far enough in challenging old ways: “Questioning ourselves makes the world more unpredictable. It requires us to admit that the facts may have changed, that what was once right may now be wrong” (Grant, 2021, p. 4).

In the post-pandemic world, we cannot allow ourselves to slip back to our prior operating standards and norms and miss this opportunity to rethink our businesses. Over this past year, I have grown accustomed to taking fiery direct questions from our associates every week and accepting that I don't always have the answer or the one that they wanted to hear. And in face of challenges, I am often amazed that empathy and curiosity are returned in kind. To truly evolve the business and deepen our humanity and compassion in meaningful ways, openness and transparency should no longer come as a surprise.

## References

Clear, J. *First Principles: Elon Musk on the Power of Thinking for Yourself*. James Clear. Retrieved April 20, 2021 from <https://jamesclear.com/first-principles>

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## Author



**Sloan F. Dean III** Joined Remington January 1, 2018 as COO, and was promoted to CEO & President on January 1, 2020. Prior to leading Remington, Sloan was with Ashford for the 5 years prior as SVP of Underwriting & Revenue Optimization. Remington manages 88 hotels in 27 states with annual revenues over \$1B. Prior to Remington & Ashford, Sloan held Vice President of Business Development & Acquisitions, Vice President of Sales & Marketing, Senior Vice President of Revenue & Market Strategy, Corporate Director of Revenue Management, Regional Revenue Manager and Analyst positions with Interstate Hotels, Alliance Hospitality, Noble Investment Group, IHG & Oliver Wyman. Sloan holds a B.S. in Industrial & Systems Engineering and a Certificate in Finance

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