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Wyndham Worldwide

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Introduction

Wyndham Worldwide stands as one of the most recognizable and influential names in the hospitality industry. Its story is one of relentless ambition, strategic maneuvering, and adaptability—hallmarks that define not only the company but also the broader evolution of American enterprise on the global stage. As travelers check into a Days Inn off a highway exit, attend a conference at a modern Wyndham Grand, or swap vacation weeks through an exchange platform, they engage with an intricate network whose roots stretch back decades. Wynn Worldwide's growth from modest beginnings to corporate giant offers a window not only into the world of hospitality but also into the changing landscape of business in America and abroad.

This book chronicles the journey of Wyndham Worldwide: from its early formation, through eras of intense expansion, to its present-day status as a global industry leader. Over the years, the company has been shaped by larger economic trends, shifting consumer preferences, and a determination to stay ahead of the curve. Key milestones—including landmark brand acquisitions, pivotal mergers, and transformative spin-offs—have punctuated Wyndham's ascent, each event leaving an enduring mark on the company's identity and ambitions.

Wyndham's business model, built on franchising, timeshare, and brand management, reflects the increasing complexity and innovation of modern corporations. The company has strategically acquired an impressive portfolio of hotel brands, spanning every price point and market segment, democratizing travel in ways previously unimaginable. As American lifestyles changed and global tourism expanded, Wyndham responded with new offerings, fresh approaches to customer loyalty, and constant technological upgrades. Whether as an innovator in vacation ownership or as a sprawling network of franchised hotels, Wyndham Worldwide continued to redefine hospitality for a broad public.

The split of Wyndham Worldwide in 2018, which saw the emergence of Wyndham Hotels & Resorts and Wyndham Destinations (now Travel + Leisure Co.), marked a new chapter—one focused on specialization and agility. The spin-off reflected a larger corporate trend toward focused business units and bespoke strategic visions. Each of the successor companies honed a fresh identity, whether as the world's largest hotel franchisor or as the leader in vacation ownership and exchange. Yet, the spirit and lessons of Wyndham Worldwide persist through the ethos, practices, and ambitions of both.

As this book will explore, Wyndham's trajectory offers rich insights for anyone interested in business growth, strategic adaptation, and the interplay of legacy and

innovation. Corporate leadership, franchise relationships, sustainability initiatives, and the ability to weather crises all come under scrutiny. Through triumphs and challenges alike, Wyndham's journey echoes the broader American narrative: diverse, evolving, and deeply interconnected with the world it serves.

By tracing the history, assessing the current state, and contemplating the future prospects of Wyndham Worldwide and its successors, this book aims to illuminate the inner workings of a business that helped shape travel as we know it today. The story of Wyndham is, ultimately, a story of enduring transformation—one that continues to unfold, inviting new generations of travelers, consumers, and entrepreneurs to be a part of its legacy.

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CHAPTER ONE: The Genesis of Wyndham: Origins in Hospitality

The story of Wyndham Worldwide, a titan in the global hospitality industry, is not a simple linear progression but rather a fascinating convergence of distinct corporate narratives. Before the unified entity known as Wyndham Worldwide emerged, two separate paths were being forged, each destined to play a crucial role in shaping the modern company. These paths, rooted in diverse business philosophies and market approaches, would eventually intersect and intertwine, giving rise to one of the world's leading travel service providers.

One foundational thread began in 1981 with the establishment of the Wyndham Hotel Corporation in Dallas, Texas. This venture was the brainchild of Trammell Crow, a prominent Dallas-based businessman with a reputation for ambitious projects. Legend has it, the company was named after Wyndham Robertson, a journalist for *Fortune* magazine who had penned a profile on Crow in the 1970s, a testament to his unique approach to business and perhaps a touch of his personal charm. The Wyndham Hotel Corporation set out to build a hotel chain, which, through a series of strategic maneuvers and acquisitions, would begin to establish its presence in the hospitality landscape throughout the 1990s.

The early years of the Wyndham Hotel Corporation were characterized by a focus on developing a distinctive brand within the burgeoning hotel market. While details of its initial growth will be explored further, it is important to understand that this entity aimed to create a recognizable name associated with quality lodging. As the decade progressed, the company became an attractive prospect for larger players seeking to expand their portfolios. In January 1998, the Wyndham Hotel Corporation was acquired by Patriot American Hospitality for a reported \$1.3 billion. Patriot American Hospitality, originally a real estate investment trust (REIT) established in April 1995, had been actively growing its presence in the hotel sector.

Following the acquisition, Patriot American Hospitality rebranded its operating company as Wyndham International. This marked a significant shift, as the Wyndham name, now under new ownership, was poised for broader recognition. Wyndham International quickly expanded its holdings, including the acquisition of Interstate Hotels, the largest independent hotel operator in the country at the time, for \$2.1 billion in June 1998. This move brought a substantial portfolio of hotels under the Wyndham umbrella, with many slated for conversion to the Wyndham brand to bolster its name recognition. The company also added the all-suite Summerfield Suites and Sierra Suites Hotels brands to its portfolio that same month by acquiring Summerfield

Hotel Corporation for \$299 million. Wyndham International even ventured into the luxury segment with the introduction of the short-lived Grand Bay Hotels & Resorts brand in 1998.

However, the rapid expansion proved to be a heavy burden. Wyndham International, despite its aggressive growth, faced considerable financial difficulties. The sheer speed of its acquisitions drained cash reserves, making sustained independent growth challenging. In March 1999, a consortium of private equity firms, including notable names like Thomas H. Lee Partners and Apollo Real Estate Advisors, stepped in, assuming control of the company through a \$1 billion restructuring deal. This transaction saw Patriot American and Wyndham merge, shedding their REIT status to form a single entity under the Wyndham International name. From 1999 to 2004, the newly restructured Wyndham International grappled with its debt, leading to the sale of many acquired properties, often at a discount, in a challenging industry environment still reeling from the effects of the 9/11 terrorist attacks. This period was a test of resilience, as the company worked to streamline its operations and focus on its core Wyndham brand.

Meanwhile, a parallel and equally vital lineage was unfolding with the formation of Hospitality Franchise Systems (HFS) in 1990. This entity was specifically created by The Blackstone Group, a New York-based investment bank, with the explicit purpose of acquiring hotel franchises. HFS's business model was distinct: rather than owning hotels outright, it would generate revenue by charging franchise fees to hotels operating under its brand names, while providing essential marketing, reservation, and administrative services. This strategy allowed for rapid expansion without the capital intensity of direct property ownership. HFS targeted hotels offering moderate and low-priced rooms, aiming to serve a mass market.

HFS quickly made its mark. In July 1990, it secured its first significant acquisitions by purchasing the Howard Johnson franchise system and the domestic U.S. rights to the Ramada franchise system from Prime Motor Inns for \$170 million. These troubled properties, part of a fast-growing but heavily indebted hotel chain, immediately positioned HFS as a major player. The Ramada chain alone added 472 hotels with over 77,000 rooms, while Howard Johnson contributed another 417 properties with approximately 51,000 rooms.

HFS continued its aggressive acquisition strategy. In 1992, it acquired the Days Inn franchise, purchasing the troubled chain out of bankruptcy for \$290 million. This acquisition proved to be a pivotal moment, making HFS the world's largest hotel franchisor by the number of licensed hotels, with a portfolio of 2,300 properties. By 1995, HFS had amassed an impressive roster of well-known brands, including Days Inn, Howard Johnson, Ramada, and Super 8. In 1993, Super 8, with 1,000 motels, was added for \$125 million, further solidifying HFS's position.

HFS, driven by its success in hotel franchising, began to broaden its scope beyond traditional hospitality. Recognizing that it had largely exhausted desirable acquisition targets within the hotel industry, the company ventured into other sectors. This diversification culminated in a significant merger in 1997. In December of that year, HFS merged with CUC International, a direct marketing and membership services company, to form Cendant Corporation. This \$14 billion merger created a massive consumer services conglomerate with diverse holdings, including not only hotel franchises but also car rental brands like Avis and real estate brokerages such as Century 21 and Coldwell Banker. The creation of Cendant Corporation set the stage for the eventual convergence of these two distinct hospitality narratives.

The paths of the Wyndham hotel brand and the HFS-Cendant lineage finally intersected in 2005. The Blackstone Group, which had acquired Wyndham International earlier that year for approximately \$3.24 billion, including debt assumption, sold the Wyndham hotel brand and its associated management and franchise businesses to Cendant Corporation. Cendant paid \$101 million in cash for 82 franchise agreements, 27 management contracts, and the worldwide rights to the Wyndham brand for hotel and timeshare development. This acquisition was a strategic move for Cendant, marking its entry into the upscale lodging sector and providing "unprecedented cross-selling opportunities" with its existing timeshare and other travel businesses. The Wyndham brand was now formally integrated into Cendant, operating as Wyndham Worldwide within the Cendant Hotel Group, with its corporate offices based in Parsippany, New Jersey. This pivotal transaction effectively brought the disparate histories of these two major players under one corporate roof, laying the essential groundwork for the establishment of Wyndham Worldwide as an independent global hospitality powerhouse.

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