



Last Updated: September 16, 2014

EXCLUSIVE

## Are Hotels Prepared for This Legal Challenge?

By [Jennifer LeClaire](#) | Miami



"Too many rooms can make it very hard for an F&B provider to be successful," says attorney Ari Tenzer.

MIAMI—More boutique hotels are partnering with third-party food and beverage (F&B) to help their bottom line. But is this trend only suitable for the boutique operators, or can larger hotels also benefit?

GlobeSt.com caught up with **Ari Tenzer**, founder of boutique transactional law firm **Tenzer PLLC**, to get his thoughts on this and other questions, including the legal challenges involved, in part two of this exclusive interview. You can still read part one: [The Economics of Hotel-F&B Tie Ups](#).

***Globest.com: Is this trend of hotels partnering with third-party food and beverage (F&B) provider really something new or has it been done before?***

**Tenzer:** The raw material for the concept has been around for a while. For example, Hard Rock has both hotels and cafés. However, due to various legal and operational issues, they have not been successful to-date in implementing an F&B-driven business model.

***GlobeSt.com: Do you foresee the new F&B model being used by larger hotels?***

**Tenzer:** It depends. Too many rooms can make it very hard for an F&B provider to be successful on the hospitality side of things but, from an F&B perspective, it may still work. In most cases, in order for this model to succeed, the F&B provider must be able to run the room service department for a large number of rooms.

***GlobeSt.com: What are some of the legal challenges associated with F&B makeovers?***

**Tenzer:** One of the principal challenges is placating the existing hotel operator and making sure everyone is onboard with the idea. Third-party management companies frequently have long-term management agreements giving them exclusive rights on F&B services. Ownership will have to negotiate and likely make concessions in order to convince them to surrender control of the F&B department.