

CHOICE HOTELS TO LAYOFF CALL CENTER WORKERS



Choice Hotels is a name that some of you may be familiar with on the whole, unless you do a lot of traveling that is. Before we talk about the job cuts that the company is making let's begin by talking about how the company has chosen to describe itself, "Choice Hotels International, Inc. franchises approximately 6,200 hotels, representing more than 495,000 rooms, in the United States and more than 30 other countries and territories. As of June 30, 2012, more than 375 hotels were under construction, awaiting conversion or approved for development in the United States, representing more than 30,000 rooms, and approximately 75 hotels, representing approximately 6,700 rooms, were under construction, awaiting conversion or approved for development in approximately 15 other countries and territories. The company's Comfort Inn, Comfort Suites, Quality, Sleep Inn, Clarion, Cambria Suites, MainStay Suites, Suburban Extended Stay Hotel, Econo Lodge and Rodeway Inn brands, as well as its Ascend Hotel Collection membership program, serve guests worldwide." The company is getting ready to cut back on about 100 workers in the near future. The company will be cutting back on workers from its call center in Grand Junction. While this may be a mass layoff action use the current guidelines the company has not said anything about the details of the job cuts. Interestingly the company has put out some good numbers, ones that make one question why they are laying off workers. Here is an excerpt that will catch you up to speed in no time at all on their numbers, "Diluted earnings per share ("EPS") for the second quarter of 2012 of \$0.55 compared to diluted EPS of \$0.46 for the second quarter of 2011, a 20% increase. Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased 14% to \$53.6 million for the three months ended June 30, 2012, compared to \$47.0 million for the three months ended June 30, 2011. Operating income increased 14% from \$45.1 million for the three months ended June 30, 2011 to \$51.6 million for the same period of 2012. Franchising revenues increased 6% to \$77.8 million for the three months ended June 30, 2012 from \$73.4 million for the same period of 2011. Total revenues increased 5% to \$173.6 million for the three months ended June 30, 2012 compared to the same period of 2011. Domestic royalty fees for the three months ended June 30, 2012 increased \$4.4 million to \$59.8 million from \$55.4 million in the three months ended June 30, 2011, an increase of 8%. Franchising margins increased from 61.2% for the three months ended June 30, 2011 to 65.9% for the same period of the current year. Worldwide unit growth increased 1.3 percent from June 30, 2011 comprised of domestic and international unit growth of 1.3 percent and 1.6 percent, respectively." Interestingly enough the company, in its latest release, the company choose not to highlight the job losses, but instead looked at a deal the chain made with NASCAR, "Choice Hotels International® (NYSE: CHH) is now riding shotgun with NASCAR's Kyle Busch Motorsports. Choice Hotels®, one of the largest lodging companies in the world, has teamed up with NASCAR Nationwide Series champion, Kyle Busch, and his drivers for the racing season. Kyle Busch is an American NASCAR driver and team owner. He is the owner and driver of Kyle Busch Motorsports with cars racing in the Nationwide and Camping World Truck Series events. Busch, who drives car no. 54 for his own Nationwide team and car no. 18 for Joe Gibbs Racing in the Sprint Cup Series, is the all-time career wins leader in the Nationwide series and third winningest person in NASCAR overall."