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Hotel owner/operators turn to Dhakad with loan woes

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CHARLOTTE, N.C. — Padam Dhakad has found his niche as a financial consultant for mom-and-pop owners in the hospitality industry — particularly Indian Americans.

His Dhakad Associates Inc. is a consulting firm that helps small businesses find financing for property acquisitions or construction.

Dhakad has helped arrange such financing for a variety of clients looking to buy hotels, convenience stores or restaurants. However, he said that the majority of his clients use his services for purchasing hotels.

He has been involved in deals for a variety of brands including Holiday Inn, Comfort Inn & Suites, Days Inn and Super 8.

Sixty percent of his customers are Indian-Americans, he added.

Dhakad helps clients get loans even if banks have already turned them down — an increasing problem in today's tight market.

Dhakad takes the process a step further by crunching the numbers concerning his clients and the properties they are looking to buy. What he does is show the bank that his clients will be able to make money in the purchase and, therefore, a loan is viable.

In the hotel industry, he said, what you typically have is people looking to become owner/operators of hotels that they are purchasing from a larger, corporate hotel company. When applying for a loan in this case, he added, banks will usually look at a property's track record under the larger company and make a judgment based on this.

He said that, if a bank sees a property hasn't turned a profit under its previous owners, the assumption is that new owners will, likewise, not be able to turn a profit.

According to Dhakad, when he analyzes the numbers — taking into consideration the differences between a corporate-run hotel and an owner/operator hotel — he usually finds that a profit is achievable.

Then he has something to work with.

"The bank usually sees that my analysis makes sense, but you have to make a convincing case," he said. "When you do this and back it up with industry data the banks believe."

Dhakad added that he had one client who was denied by 13 different lenders, but was able to get a loan after seeking his help.

Founded in 1993, Dhakad Associates predominantly handles loans in the \$500,000 to \$6 million range, but the company has arranged deals for less.

In 2002, Dhakad Associates handled 22 deals for a total of \$28 million.

Though Dhakad Associates is headquartered in Charlotte, N.C., its track record boasts loans for properties across 15 states — including Michigan, New Jersey, Mississippi, Tennessee, Virginia and Pennsylvania.

Dhakad said that he charges his clients based on a number of fac-

tors, such as the size of the loan and the hours put into arranging a deal.

Though Dhakad has competition for its services, Dhakad said that by focusing on smaller-size loans and the hospitality industry he is able to keep busy. In fact, despite the growth of his business, he chooses to remain running the business out of his house with his only other employee his wife, Madhu.

Dhakad views his personal involvement in each deal the key to his success.

"People want a relationship," he said. "Big companies (who offer similar services as Dhakad), their weakness is that they don't have a long-range view with their customers. Once the loan is closed there is no follow up."

Dhakad stressed that he stays in touch with all the clients he has acquired loans for — this way they will think of him first for future business.

He said his reputation alone brings in business and has kept him busy. Due to this, he does not advertise and predominantly accepts clients through word-of-mouth.

He is an active member of the Asian American Hotel Owners Association, which also puts him in contact with a lot of potential customers.

"People will first try to get a loan on their own, but if they aren't

having any luck then somewhere along the line (my name) comes up," he said.

Dhakad came to the United States from Madhya Pradesh in 1970 to attend a graduate program in business at the University of Bridgeport in Connecticut. He had previously studied science at Holkar Science College in Indore, Madhya Pradesh. He has a master's degree in chemistry and a bachelor's degree in general science from the school.

After receiving his MBA from the University of Bridgeport, he took a job managing finances for the J. Walter Thompson ad agency (part of WPP Group) in New York. He worked for the company for 11 years. In 1984 he became chief financial officer of DDB Worldwide communications Group Inc. in Atlanta. This position eventually led him to Hawaii as chief financial officer and finance director of Asia Pacific for Omnicom Group Inc. (the holding company of DDB.)

In 1993, when Omnicom asked him to move to Hong Kong, he decided to leave the company and relocated to North Carolina to start his own consulting firm.

Dhakad said that he originally perceived Dhakad Associates as a management-consulting firm, but soon discovered the potential in financial consulting for loans.

He added that he spent the first year after founding Dhakad simply attending networking meetings and speaking at various conferences about helping small businesses manage money. Eventually, people began to approach him seeking his services.



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Padam Dhakad,
president,
Dhakad Associates Inc.