

LEADERS IN  
*Hospitality*

## A High-End Boutique Experience

An Interview with Richard C. Kessler,  
President and Chief Executive Officer, The Kessler Enterprise, Inc.

**EDITORS' NOTE** With both bachelor's and master's degrees in engineering from Georgia Institute of Technology, Richard Kessler has more than 38 years of experience in hotel development and operations. He spent nine years as President and Chairman of Days Inn of America and has spent 24 years in his current position with The Kessler Enterprise, Inc., a hotel development and ownership company, which he founded in 1984.



Richard C. Kessler

**COMPANY BRIEF** Headquartered in Orlando, Florida, and founded in 1984, The Kessler Enterprise, Inc., is composed of several wholly-owned subsidiaries involved in the development and operation of hotels and resorts. One of the parent company's subsidiaries, The Kessler Collection ([www.kesslercollection.com](http://www.kesslercollection.com)), is a portfolio of boutique, four-diamond hotels located in Florida, Georgia, Colorado, New Mexico, and soon in North Carolina.

**Have you seen a major impact on the business in light of the current economic turmoil, and is it challenging today to grow?**

For year-to-date through September 2008, the revenue of the luxury sector was down 0.8 percent and we actually matched that. We were up slightly in average daily rate [ADR] and down slightly in occupancy. What the whole market saw in October, November, and December of 2008 was continued decline in occupancy and some decline in ADR. Our occupancy was off by 3 to 4 occupancy points, and ADR was down about 2 percent. As far as our gross operating profit through September, we were up \$300,000 over 2007, which we achieved through expense control.

**Are you happy with the number of properties you have, the locations you're in, and your offerings to customers?**

We'd like to think so. The transient trade has been affected more than the group business has, even though the group business has been affected some. In Orlando, for example, we felt it more in the transient business than the group business. We also felt it at the Casa Monica Hotel in St. Augustine, Florida, which is a transient market. But in 2008, we had a record year at the Mansion on Forsyth Park in Savannah, Georgia, and *Condé Nast Traveler* rated our

property number 60 out of the top 100 hotels in the United States. The Casa Monica Hotel was also number 62 on that list. We are expecting a reasonably strong season at the Beaver Creek Lodge in Beaver Creek, Colorado.

**How challenging is it to offer the right restaurants and make food and beverage an avenue for generating revenue?**

We generate decent profits through our F&B operation. However, from a management point of view, it takes twice as much energy and effort to run an F&B profitably and distinctively than it does the room side of the business.

**Today, do you need to offer a true spa package with all of the different treatments, and has that become something guests expect in the luxury segment?**

Generally, yes. It does depend on the size of the property and what's going on at the property in the exact location. For example, the Mansion on Forsyth Park has 126 rooms. We have a lot of beautiful meeting space and a gorgeous Viennese ballroom, and it's truly a resort-type property and is a four-star-plus or five-star-quality hotel. Therefore, we have a state-of-the-art fitness center and the chic Poseidon Spa, which is very profitable and expected by guests in that location.

In contrast, the Bohemian, which is the 75-room hotel on the Savannah riverfront, is a four-star-quality hotel with a swanky rooftop bar and riverfront restaurant, but has no spa or ballroom. It is a higher-energy space. We are gearing the Bohemian Hotel primarily toward transient business, which will account for more than 90 percent of our business there.

Another example is the Grand Bohemian Hotel Asheville at Biltmore Village, which we're opening in spring 2009 in North Carolina. It's a four-star-plus facility, with a beautiful European-style ballroom and Gothic hand-carved wood paneling in the lobby. It's a place where people go to relax and shop at high-end boutique stores. The hotel encompasses our signature Poseidon Spa, a fitness center, and an exquisite restaurant called the Red Stag Grill. We look at the personality of the location, the type of clientele, and ask ourselves what product that particular guest wants or needs.



**How broad is the target market for Kessler?**

It is a very focused market. We don't try to be everything to everyone – that's not who we are. We focus on the individual or smaller group that enjoys art, music, comfort, and personal attention. We offer a unique hospitality experience.

**How critical is employee retention, and have you been happy with the people part of the business?**

Everybody who wants to be in this business can find a role to play. However, we have to think about who our clientele is, the personality of our product, and then find employees – whom we call grand performers – who fit those needs. These grand performers identify with our clientele and our product. We want our grand performers to enjoy the art and the music and understand the importance and care of the ambiance. They understand that when they serve a meal, the color of the food and the color of the plating must create an artistic piece. It's more difficult to find these grand performers because there are a lot more people out there who can serve a commodity product than there are people who understand what this high-end, luxury, boutique market expects.

**You've been in this business for 38 years. In the early days of developing this brand, did you always know it would work, and has it progressed the way you expected?**

Yes, but there have been a few surprises along the way. The name of our company was Grand Theme Hotels when we started in the luxury business in 1995, and we saw our product as more of a lower four-star product line – more thematic, but still boutique. And because of my own personal interest, we added the original art, the live music, and the Bösendorfer piano – it was just kind of who we were. It is this distinctive four-star level of product and service that defines us today. Frankly, we've been ahead of the market by at least 5 to 10 years. The market competition is beginning to catch up, so we have begun to ask ourselves, "What's next?" ●

*The Poseidon Spa at the Mansion on Forsyth Park in Savannah, Georgia*