

Hospitality's Global Impact

The Golden Rule



An Interview with Kathleen Taylor,
President and Chief Executive Officer, Four Seasons Hotels and Resorts

EDITORS' NOTE Katie Taylor joined Four Seasons Hotels and Resorts in 1989 as Corporate Counsel. She was appointed Vice President, General Counsel in 1992 and promoted to Executive Vice President, Corporate Planning and Development in 1997. She was appointed President, Worldwide Business Operations in 1999 and President and Chief Operating Officer in 2007. She assumed her current post August 1, 2010. Prior to this, Taylor worked in Corporate Securities and Competition



Kathleen Taylor

Law at Goodmans LLP. She has a law degree from Osgoode Hall Law School, a Master of Business Administration from Schulich School of Business, and a Bachelor's Degree in political science from University of Toronto. She is the Director of the Royal Bank of Canada and Chair of its Human Resources Committee. In 2008, Forbes named her one of the "25 Most Influential Women in Travel."

COMPANY BRIEF Canadian-based Four Seasons Hotels and Resorts (www.fourseasons.com) offers guests highly personalized 24-hour service, combined with elegant, high-quality surroundings for those who appreciate the best. The company, which opened its first hotel in 1961, has grown from one hotel to 83 in 35 countries with an exceptional culture of service.

How has the global economic crisis and financial downturn over the past 24 months affected the hospitality industry and have you seen signs of recovery in the industry?

The downturn has been a major disruption to the world, particularly for travel and tourism. Thankfully, we are seeing signs of recovery with demand starting to return. Overall, the luxury segment is seeing the highest growth in occupancy at the expense of lower tiers. At Four Seasons, we're seeing year-to-date RevPAR increases

that are nearly double our competitors, which is very encouraging. In fact, Four Seasons Hotel New York was recently named the best performing hotel in the luxury segment by Smith Travel Research after being evaluated on occupancy, ADR, and RevPAR in year over year comparison.

How was Four Seasons Hotels and Resorts positioned during the downturn and what is your outlook for growth for the brand?

Like everyone, we took a hard look at all of our operating expenditures, but we're committed to retaining the guest experience. So any changes we've made to our operations to cope with fluctuating business levels have happened in ways that aren't visible to the guests. That means not eliminating services or reducing service levels.

Instead, we've tried to make our teams more efficient and effective. In times of uncertainty, our guests value the reliability and care that we provide.

With respect to growth potential, we're currently embarking on the largest international expansion in the company's history, with more than 50 projects in some stage of planning or development.

When you look at the portfolio of properties for Four Seasons Hotels and Resorts, are there key markets that offer

opportunities for expansion and what are your plans to introduce new properties to those markets?

Four Seasons is still a relatively small hotel company and there are many important destinations where we don't yet have a presence. Latin America and Africa are areas of great opportunity for us. We currently have one hotel in India and just opened our fourth in China, and we are focused on strengthening our presence in those countries. In Europe, we're actively pursuing projects in Spain and Germany. Even in North America, where we have the deepest market penetration, there are still important markets where we'd like to welcome guests in the near future, including Orlando and Aspen.

Many hoteliers talk about the challenge of being successful in the restaurant/food and beverage part of the business, especially in major cities where competition is strong. How does Four Seasons Hotels and Resorts view this part of the business and what is the approach to the restaurant offerings at your properties?

In most instances, people are looking for a relaxed and inviting dining atmosphere where they don't necessarily have to dress formally. They may not want three courses served on fine china, but they appreciate smaller dishes that can be shared. They want comfortable surroundings with a design that reflects their lifestyle or a lifestyle they aspire to. They expect quality and innovation in their food and servers who are welcoming and well informed. And they want a restaurant that has a certain vibe to it.

So we aim to create a sense of place in our restaurants with a strong food and beverage concept that is contextual to the destination, leveraging the expertise of our chefs who not only immerse themselves in the local cuisine, but bring a wealth of international influence to their craft. We're moving away from the standard features of special occasion dining – white table cloths, leather bound menus, and fine china and silverware – to take a more modern approach. We now engage designers with specific expertise in restaurant design to develop spaces that make a statement, creating restaurants that are interesting, experiential, and memorable.



Dallas Spa Lounge (left); Guangzhou Guest Room (above);
Guangzhou Exterior - IFC West Tower (following page)

Luxury properties today are expected to offer a true spa experience. How much of a focus has this been for Four Seasons Hotels and Resorts and do you partner with industry leaders in this area?

We opened our first full-service hotel spa in 1986 at Four Seasons Resort and Club Dallas. It was unheard of in North America at the time. Since then, spa has been a key component of the guest experience in both our resorts and in our city hotels. Unlike some of our competitors, we don't have a dedicated spa partner; rather, we have an internal standards program that is implemented worldwide. We employ more than 1,300 therapists and staff who are charged with integrating Four Seasons signature service into an environment of well-being and relaxation.

How much of an impact has technology had on the business and how do you ensure the technology does not interfere with the human connection for which Four Seasons Hotels and Resorts is known?

At Four Seasons, we're focused on providing our guests with up-to-date technology that's easy to use. We're piloting a number of initiatives at our hotels and looking closely at guest feedback to ensure that whatever we introduce enhances their experience, not detracts from it. And of course, we have on-site IT professionals to support all our guests' technology needs.

Four Seasons Hotels and Resorts is known for their service culture. Can you elaborate on this company focus?

Service is why Four Seasons exists and how we've been able to grow. We start from the simple premise that customer satisfaction is inextricably linked with employee satisfaction and that a customer focus cannot exist without an employee focus. The delivery of superior service is entirely dependent upon the performance of people on the front lines. And our experience shows that their performance will most often depend on their overall attitude.

For our company to succeed over the long-term, we knew it was critical for managers and employees to share the same purpose, which comes down to a matter of values.

So a few decades ago, we established a company credo based on the Golden Rule: "To treat others as we would wish to be treated ourselves."

The Golden Rule guides our interactions with our guests, business partners, and investors, but most importantly, with each other. The premise of treating others as we would want to be treated is understood in every country, every culture, and by every individual. The universality of the values summed up in the Golden Rule gives Four Seasons' culture its emotional power allowing us every time we open a hotel to turn a group of relatively ordinary people into a world-class service organization.

Four Seasons Hotels and Resorts is a brand that has been heavily focused on being a good corporate citizen. How critical is this to the culture of the brand and can you highlight some of your efforts in this regard?

For Four Seasons, being a good corporate citizen defines who we are and the decisions we make. Our commitment to have a long-lasting, positive influence on our employees and guests extends to the communities in which we operate.

Guided by our shared values, we've identified three high-priority areas where we believe we can make a difference. We call them our three corporate values: Advancing Cancer Research, Building Communities, and Supporting Sustainability.

Each hotel has the ability to develop initiatives and activities that demonstrate its commitment to these values in a way that makes sense locally. Working individually, as a company, and as a partner, we've made a tremendous impact.

Through our collective efforts, we annually raise significant funds and awareness for cancer research. Our company worked closely with the Canadian Cancer Society and other sponsors to plan what is now the world's largest one-day fundraiser for cancer research, the Terry Fox Run. The Run just celebrated its 30th anniversary and has raised nearly \$500 million worldwide to date. Introducing Terry Fox Runs in countries where we operate is just one of the many ways we support both local efforts and broader campaigns whose goal is the eradication of cancer.

The second area of focus for us is Building Communities. Every one of our hotels is focused on being an active and vital contributor to the community in which it operates. From the development of apprenticeship programs to training and mentoring for local youth to volunteering and support of local shelters, Four Seasons hotels are committed to being responsible and caring community partners.

Four Seasons also involves our employees and guests in the common goal of preserving and protecting the planet. Every Four Seasons hotel has established a "Green Team," comprised of employees from every level. The Green Team's efforts vary from property to property, but at the core is a focus on seeking

efficiencies through the continued improvement of water usage, recycling, energy consumption, and all other operational aspects of the hotel.

We actively engage in sustainable practices that conserve natural resources and reduce environmental impact, from rebuilding coral reefs in Bora Bora to installing micro-turbines in Philadelphia, allowing the hotel to generate its own electricity.

How critical to success are the relationships with your hotel owners and how do you make sure that these relationships work effectively?

We enter into long-term management agreements with our hotel owners, on average 80 years, so it's critical that we can work together effectively. The most important way to do that is to ensure we have partners who share our business goals and values – the operation of profitable hotels, the achievement of premium values for the asset, and a strong commitment to creating an experience that meets the needs of affluent frequent travelers.

What are your key priorities for Four Seasons Hotels and Resorts in 2011?

We're in an era of unprecedented growth, but also of unprecedented competition. In order to be the best, we must constantly propel the organization forward, from advancing our commitment to service excellence, expanding our portfolio of hotels to more places our guests want and need to travel, evolving the design and aesthetics of our properties, and creating more relevant and exciting bars and restaurants, to developing new technology solutions, engaging with our guests in the channels they use to communicate, and strengthening relations with our capital partners. ●

