

Hospitality

Luxury Included and Enhanced



An Interview with Adam Stewart,
Chief Executive Officer,
Sandals Resorts International

EDITORS' NOTE Adam Stewart has held his current post since November 2006. Stewart oversees all areas of operations for the 30-year-old resort empire founded by his legendary father Gordon "Butch" Stewart. Prior to becoming CEO, he was Director of Resort Product, responsible for all on-property operations and revenues across the company's three major brands: Sandals Resorts, Beaches Resorts, and Grand Pineapple Beach Resorts. A member of the Sandals Resorts International Executive Committee, Stewart also served as Chairman of the Sandals' Youth Committee. He was raised in Jamaica and graduated from Florida International University's Hospitality Management Program before implementing his knowledge in various departments within Sandals Resorts, from reservations, meetings, and incentives to technology and public relations.



Adam Stewart

COMPANY BRIEF Founded in 1981, Sandals Resorts International (www.sandals.com) is based in Montego Bay, Jamaica and owns and operates 13 couples-only, Luxury Included® resort hotels in the Caribbean. The resorts are located in Jamaica, Antigua, Saint Lucia, and The Bahamas and offer upscale amenities such as gourmet à la carte dining and activities including scuba diving and golf. The company also owns four resorts under the Beaches brand name: two in Negril, Jamaica; one in Ocho Rios, Jamaica; and one in Providenciales, Turks & Caicos. Beaches Resorts caters to families with Kids Camp programs, Xbox® 360 video-game centers, water theme parks, and nanny services. Beaches Resorts is also home to the Beaches Resorts' Caribbean Adventure with Sesame Street, which brings kids' characters like Elmo and Big Bird to the resorts year-round for daily activities and special stage shows. Grand Pineapple Beach Resorts, located in Antigua and Negril, Jamaica, offer an authentic Caribbean experience at an affordable rate.

How do you continue to innovate with the properties and services you're offering?

The way we're structured helps people remain focused and that structure is very streamlined in our business. We get together regularly to talk about what is working on the marketing side and what, at day's end, the customer is asking for. Our entire company is run off customer feedback. Our entire incentive package for management is based around performance – you're only as good as your customers say you are.

Sandals has a unique soul within the group that is hard to put into operating manuals and that has been one of our challenges as we get larger.

Innovation comes back to the customers. We put architects and interior designers into a room, we send them to all the design shows to see what's hot, and our operations team makes sure there is functionality in what we design. We have an entire division called Sandals Earth Guard, comprised of engineers, designers, architects, and operations, which we put together to make sure everything we

design is environmentally efficient and sustainable.

We live outside the box and pretend money is not an object. Then we scale back and take it from concept to a functional product that will elicit big demand.

It's quality top to bottom and there is nobody in our space that has made that leap out of all-inclusive into having an all-inclusive operation but with a stamp of five-star class and quality on it.

Do people understand it's possible to have five-star service in an all-inclusive today?

We rebranded our group and called ourselves "luxury included" in 2007. We spent \$400 million on existing properties adding additional restaurants and bigger suites. Gutting the older buildings and making them larger has been our single biggest challenge. We have come a long way since we went this route and it is getting better gaining attention. People are recognizing there is a reason Sandals is more expensive. We don't invest in anybody else's company – we put every dollar we have back into our group and constantly upgrade. It's making sure people feel they get value for their money. Our guests recognize and appreciate that.

Are you working to bring all the properties to that level or will you retain differences among the properties?

We will always have a range, but in the resort space, our training and development, and how we've been able to bring people along for the journey with us and help them understand our expectations is what makes Sandals what it is today.

We have different levels of hotels but more than 50 percent of our rooms are true suites. A hotel room in the industry averages \$28,000 to \$32,000 a key. We are building independent stand-alone suites in the hundreds that are \$500,000 to \$700,000 a key with private pools and Jacuzzis, 50-inch plasma TVs, and bottle service. So on a single property, you can have

daily rates starting at \$350 all-inclusive going up to \$2,200 on the same property, meaning your room and the level of service you bought is a large part of the rate you pay. But at all of our hotels, there is no segregation. Once you're on the property, everything's for everyone.

How have you maintained a family feel at this size and scale?

There is an executive core that emulates everything my dad, my siblings, and I do; they're our secret weapons that keep it all going. Because we are not in the franchising management contract model, we can grow the group at a rate where we add two hotels a year and still foster our human capital, most of whom have been with us and have grown with us for a number of years, because it's not explosive growth.

I announced in early 2011 that we will be spending about half a billion dollars in future properties – seven new hotels, all of which are on existing islands on which we operate. So our succession and business development on the operation side are paced. We don't want to lose what made us who we are.

How has your work with the Sandals Foundation evolved?

I wanted to do more and there was only so much money we could inject personally. We don't force the foundation on anyone, but once a week, our managers at all resorts wear Foundation Day polo shirts that say "Ask me about the Sandals Foundation". We have programs in all of the regions where our resorts operate.

We learned recently we have collected \$1.9 million in cash since March 18, 2009, all of which goes right back into the communities. We have been able to provide about \$8.4 million of value on top of that by, for example, bringing 60 dentists down from America and Canada. We give them all free rooms, food, and transportation and we set up dental offices on our property where the community can come into the hotel to receive dental work free of charge.

We have over 60 people working in the foundation. The foundation's ethos is to focus on education, community, and the environment, and to find out what the biggest challenges are, to bring them to our board, and find a way to fund solutions and get the materials needed to make a difference. The staff is very engaged in and the communities embrace it, and even the guests get involved. ●

Sandals Emerald Bay, the newest Sandals Resort (left); Sandals Foundation reading room (right)