

Better Value for Money

An Interview with Geoffrey Gelardi,
Managing Director, The Lanesborough



EDITORS' NOTE Geoffrey Gelardi, a fourth-generation hotelier, previously served as Managing Director of the Hotel Bel-Air in Los Angeles. He assumed his post at The Lanesborough in 1990.



Geoffrey Gelardi

PROPERTY BRIEF The Lanesborough occupies an 1827 landmark building that was restored to its original grandeur. A St. Regis hotel, the five-star ultra-deluxe property is situated on London's Hyde Park Corner and offers guests 50 rooms and 43 suites to choose from, decorated in Regency style and evoking the ambience of a 19th-century townhouse. The property is located in elegant Knightsbridge, minutes from the exclusive shopping of Harrods and Sloane Street. Guests enjoy dining at Apsleys, a Heinz Beck Restaurant, which received a Michelin star in January 2010. The Lanesborough also offers award-winning afternoon tea, elaborate drinks at the Library Bar, and an extensive array of vintage cognacs. The property houses the most luxurious smoking venue in London. The hotel (www.lanesborough.com) boasts a Spa Studio, a Fitness Studio, a business center, and six venues for meetings and social events.

How do you maintain a consistent guest experience and service standards during challenging times when many feel the need to cut back?



There are management techniques one has to employ during more difficult times. With my career at The Lanesborough, these times are more difficult than they were before because of the volatility of the business. You can have a busy week running at 100 percent and the following week, it can fall to 50 or 60 percent.

It does create new issues that 5 to 10 years ago, one didn't have to consider. But when one is making these management decisions, foremost in your mind is what the guest will

see. You attack it from that position and with the ground rule that you don't do anything that will look like an obvious cutback to the guest. However, one does have to take fiscal responsibility and operate differently than you have in the past.

So it's a challenge and a wake-up call for department heads who want to take the easy way out and say, "I'm already at my minimum staffing and cannot do anymore." They'll have to be able to work their relationships with their employees to make sure they respond to the demands we are facing.

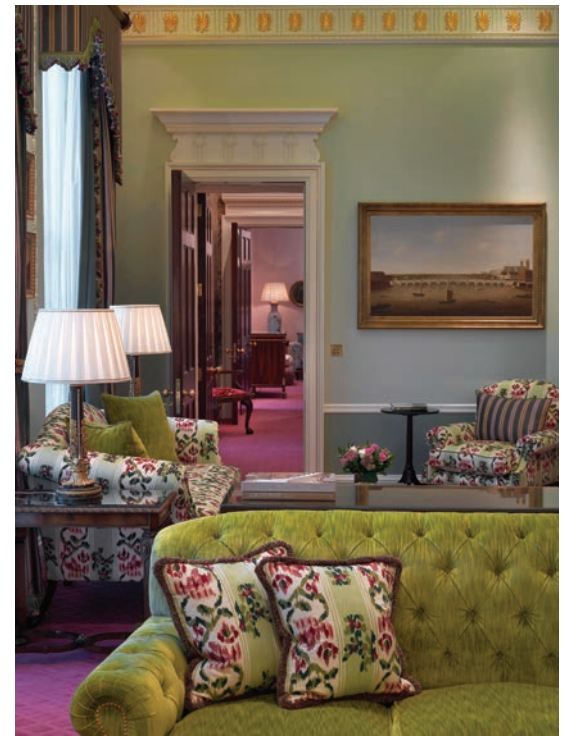
Is it possible to maintain rate integrity in an economic lull when you need to drive occupancy?

You have to be realistic in your market. However, I resist meeting the competition head-to-head in more difficult times. It is debatable whether it's correct to buy occupancy, which is what I call it, or whether you stand your ground and try to maintain service levels and average rates, while attempting to provide greater value for the customers. If you successfully stand your ground, you preserve rate integrity and the value of your product, which are very important.

There is also an argument that says, we know we're going into a weak period; let's drop our rates and maintain occupancy because for every person you have in the hotel, it not only involves occupancy and room rate but also the additional peripheral they will spend in the restaurants, bars,

and spa, at the same time you're keeping the staff busy.

So there are arguments on both sides, and often where you want to be is somewhere in the middle, but there is pressure because there are a number of hotels at this time that are simply buying occupancy. The customers they are sell-



The Lanesborough exterior (top); The Lanesborough Suite second living room (bottom left) and living room (above)

ing to would be coming to London anyway and would probably pay another 50 or 100 pounds a night if they hadn't dropped their rates in the first place. That practice does sway people to stay in their hotels – but will they come back and pay full rate for the same room?

There are many that seem to only value price. How do you build the understanding that you can sometimes get even more value for a higher priced room?

That is the philosophy we have tried to maintain since day one, in that we try not to nickel-and-dime our guests. We are the only hotel in London that includes the whole entertainment system – movies and all – in the rate. We were the first and are still the only hotel that puts laptops in every single room and there is no charge for WiFi – we have been doing that for seven years.



But it's still difficult to sell because people do buy rates. If you go online and compare The Lanesborough to our competitor hotels, you'll find that you can buy a room from them that is 50 to 100 pounds less. But I believe you will get better value for money at The Lanesborough.

How critical is a strong relationship between the manager and the owner and how important is having a common vision to the success of the property?

It's critical. Unless you have the support of your ownership and the understanding of where they want the hotel to sit in its competitive set, you won't be able to stay at the top of the market, especially in a market like London where things are changing all the time. Unless you have the capital support to maintain and improve the hotel on an ongoing basis, as well as the support to ensure that you don't have to cut things to the point where it affects the guests, it becomes impossible and you would be unable to maintain standards.

Year after year, there is an emphasis on enhancing the property. Where does The Lanesborough stand today and what might be on the horizon?

It's critical that you never stop moving – the moment you think you can relax, that's the moment you will lose it.

We're working on a number of improvements: one will be the expansion of the spa – we have permission to connect the hotel into

the office building next door and we're hoping to put in a 20,000-square-foot spa with a 25-meter swimming pool; we're also looking at renovations within the public areas in the not too distant future.

How do you balance the high-touch The Lanesborough is known for with the technology and does it still come back to the human interaction for your clientele?

For those who want the technology, you have to facilitate it, no doubt. But I don't think people want too much technology at this level – I think they want the personal touch to some extent. While we give you the facility to not to have to talk to anyone if you don't want to, we encourage face-to-face communication. Every guest should meet his butler when he arrives but we don't want to hold people up. For instance, you shouldn't really have to check out – it's just a matter of letting us know that you're leaving and we will have all the paperwork ready so all that is needed is a signature, and not even that if we know you well enough.

But the secret is to have employees who guests want to communicate with. So it's important we choose our guest-facing employees for their personality more than for their professional skills, which we can teach.

The recently added Garden Room has been well received. How much has that excited the local community and did you know it would work?

I knew there was a need for an exclusive area where people could enjoy a cigar. With the smoking laws in England being fairly Draconian, one would have to work hard to create an environment that would be socially acceptable because they're not going to put up with an environment that is not comfortable.

So it took me a year and a half to convince the powers that be to let me build the smoking area that would meet all the legal legislation and it has been tremendously successful. There are many more smoking bars now than there were a few years ago when we put this project together, but there is plenty of space in the market for everybody and we have one of the finest collections of both cigars and cognacs in the world.

Since its beginning, this hotel has been acclaimed as the leader in London. How do you make sure that complacency doesn't set in?

You cannot stop because things are changing all the time – what people perceive as being good service is changing and you have to change with it. You have to make sure that from both a technical and personnel standpoint that you have the ability to give people what they want because they are becoming more demanding.

What value does the relationship with St. Regis bring to the property?

A lot of people feel The Lanesborough is fairly independent from a branding standpoint, but it's comforting to know we have the support of a management company that has wide-ranging support facilities from an accounting, IT, and marketing standpoint, especially now with electronic marketing. So while we are not heavily branded as a St. Regis property, they bring a lot of value to the table.

Has the general manager role evolved into a financial role or is it still more of a hospitality role?



The Lanesborough Suite living room (top); master bedroom (above); and second bedroom (bottom left)



It's both. If you're not a businessman and don't understand the business aspects of running a hotel, you're not going to be successful. So you have to understand profit and loss and the balance sheet, and what is expected by your owners. And you need to know how to deliver it.

From a classical hotel management perspective, you also have to be able to focus on service levels, on new technology, and what the guest needs today that he didn't need a few years ago. The laptops in the rooms have been so well received because our guests no longer have to carry their own laptops. It's looking at things like that and keeping up with the times that gives us the edge.

For young people at hotel schools around the world who hope to someday lead a luxury property, what should they do early on to grow in this business?

This is not brain surgery. You have to understand hospitality and how to deliver it. Once you have that, whatever area you're in, put yourself in your guest's shoes and deliver the service you would expect and you'll be on your way. ●