

Hospitality

A Great Sense of Responsibility



The exclusive all pool-villa at Banyan Tree Kerala is surrounded by the tranquil backwaters of the quaint Alleppey district on a private island in Kerala, India

An Interview with Ho Kwon Ping, Executive Chairman, and Claire Chiang, Senior Vice President, Banyan Tree Holdings

EDITORS' NOTE

Ho Kwon Ping was educated at Tunghai University in Taiwan, Stanford University, and the University of Singapore. He worked as a broadcast and financial journalist and was the Economics Editor of the Far Eastern Economic Review. He joined the family business in 1981.



Ho Kwon Ping

In 1994, he launched Banyan Tree Hotels & Resorts. In 2008, Ho was named CEO of the Year at the Singapore Corporate Awards. In 2009, he was the recipient of the Hospitality Lifetime Achievement Award at the China Hotel Investment Summit in Shanghai. As Chairman of Singapore Management University (SMU), Ho was awarded the Singapore Government's Meritorious Service Medal for his contribution in the founding of SMU. In 2010, he became the first Asian to receive the ACA (American Creativity Association) Lifetime Creative Achievement Award. In 2011, he was voted top Thinker in Singapore in the Yahoo! Singapore 9 Awards.

Claire Chiang is a co-founder of Banyan Tree Hotels & Resorts. She pioneered the group's retail business in 1996 and has since overseen the launch of more than 80 retail outlets worldwide. As of 2010, Claire Chiang has assumed the role of Chairperson for China Business Development and Chairperson of the Human Capital Development Task Force. She is also the Chairperson of Banyan Tree Global Foundation. She was also appointed Director and Non-Executive Chairperson of Wildlife Reserves Singapore and Chairperson of Wildlife Reserves Singapore Conservation Fund, along with chairing the Employer Alliance in the Singaporean government. Chiang is an Arts and Social Sciences graduate (Honours) from the University of Singapore. From 1978 to 1981, Chiang worked at the Faculty of Medicine at The University of Hong Kong while completing her Master of Philosophy (Sociology) degree. From 1982 to 1990, she lectured in the Sociology Department of the National University of Singapore and continued research work in the Centre for Advanced Studies from 1990 to 1994. She co-authored the book *Stepping Out: The Making of Chinese Entrepreneurs with Professor Chen Guo Ben*, which was published in 1994 by



Claire Chiang

Simon and Schuster and translated into Chinese and Japanese. The publication garnered a National Council Book Award and spawned a 30-chapter Chinese-language television drama in Singapore that won five broadcast awards. Chiang was one of the first two women in 89 years to be elected to the Board of the Singapore Chinese Chamber of Commerce & Industry. She served as a Singapore Nominated Member of Parliament for two terms. In April 2009, Chiang, together with Ho Kwon Ping, was a joint recipient of the Hospitality Lifetime Achievement Award at the annual China Hotel Investment Summit.

COMPANY BRIEF Banyan Tree Holdings (www.banyantree.com) owns both listed and private companies engaged in the development, ownership, and operation of hotels, resorts, spas, residential homes, retail galleries, and other lifestyle activities around the world. Since its inception, Banyan Tree has grown to more than 30 hotels and resorts and close to 70 spas and 80 retail galleries, as well as three golf courses. With a strong presence in China, Banyan Tree will open 16 new properties by 2015.

What is the history of Banyan Tree? How has it evolved to where it is today?

Ho: I'm trained as a development economist and my wife is a development sociologist.

We were into the hospitality industry as backpackers, but we loved the romance of travel.

I was working in Hong Kong and would have become an academic but my father, who was a businessman, had a stroke, so being the eldest son, I had to return to Singapore.

For the next 10 years, running businesses helped me realize that if you produce things for other people, but didn't own the brand, then ultimately you are running to stand still.

So I realized that we had to own a brand. This was the intentional part in my career.

The accidental part of my career was when we were walking around Phuket Island

in the early '80s searching for a place to build a holiday home. We found a lovely place on the beach that was actually a wasteland. Being young and naïve, we purchased it.

I researched it and found out the land had been written off by the UNDP – United Nations Development Program – because it was totally polluted by tin mining.

But we owned the area, so my brother, an architect, and I, decided to design our first hotel.

We got a local Thai group to manage it and we then owned and developed our first hotel.

We did a second property after that with Sheraton and then two more.

The fourth hotel was on a piece of land with no beach. Nobody wanted to manage it, so we realized it was a perfect opportunity to start our own brand.

You don't do a beach resort without a beach, but when you're young, you don't consider failure.

At that time, we decided to innovate to remove the focus away from the fact that the resort was not directly situated on the beach.

Out of that arose two innovations for which Banyan Tree is now known: the 100 percent pool villa concept and the tropical garden spa, both intended to encourage people to stay on property and also pay less attention to the lack of beachfront.

From there, the product we developed resonated with people in the early '90s and in quick succession, we did three hotels: Maldives, Bintan, and Phuket, which we all owned, and which gave us the opportunity to establish the brand.

We decided on the name Banyan Tree for two reasons: the symbolism of Banyan Tree internally – something we could tell our associates – which is that it's the name of a simple fishing village in Hong Kong that afforded us the opportunity to create our own world early in our lives, reminding us that a warm, intimate setting is more important than fancy trappings.

The symbolism externally is that banyan trees gird the entire earth from South America to India, around tropical and sub-tropical areas. Because it is big in its branches, everything under the Banyan Tree is always kept dry. So it's known over the world as a tree that travelers on a journey can stop under and take shelter and find peace.

Is there a certain feel to each so you know you're in a Banyan Tree property?

Ho: Banyan Tree will not be everywhere in the world, so our identity and uniqueness will be in our creating a strong sense of place wherever you are, and yet that strong sense of place must help you also realize it's a Banyan Tree.

It's the values, the service attitudes, and the culture of the company that come through. We have signature items such as our pool villas, the gallery, and the Saffron signature restaurant, as well as the way you are greeted when you come in – that is a Banyan Tree touch point.

What is your vision for China? What kind of growth do you foresee in that market?

Chiang: A lot of development in West China is happening because the government now sees tourism as an economic lever for growth and development. We are looking at larger integrated resort developments that include both brands, perhaps together with a convention center. Our job is to bring to the table the notion of responsible development, not just creating an integrated resort. It's about mapping the topography, looking at master planning with guidance that is more appropriate to the terrain, and building to the local culture.

Ho: China today is like America during President Eisenhower's period after the war.

The birth of modern domestic tourism – the biggest thing happening in China today – has occurred with the growth of transportation and communications infrastructure.

We see two types of hotels: those in destinations that are so iconic that foreigners will visit to stay in them; and destinations that most foreigners will not come to, but that are still popular among those in the local area. In China, what might be called a secondary destination may have 150 million people within a five-hour driving radius.

Chiang: China's government is interested in retaining their heritage buildings and looks at using those as a point for development of tourism, yet they're afraid too much tourism will destroy these sites. So they come to Banyan Tree to help them handle tourism in a responsible manner.

Ho: In China, high-end resorts all look like Greek palaces, because they are for the newly rich. We were the first resort to have built a five-star hotel in an intentionally isolated place that showcased the beauty of indigenous architecture in a modernized form.

There are now several million Chinese who have been educated in the U.S. and elsewhere, and are now proud of their heritage and want to travel throughout China to feel the authenticity of Chinese culture. That is the group Banyan Tree is speaking to.

We do research on local architecture and culture to bring out the sense of pride in the location itself.

You have been focused on social responsibility since the earliest days of the company. Why is this so important for you?

Ho: When we took over Laguna Phuket, we realized it was a beautiful but environmentally polluted location.

In the process of having to rehabilitate it, we began to realize that how you design something has a tremendous impact on the environment.

How you build can also destroy the environment, and how you integrate yourself with the community can also destroy the social cultural environment, because you're opening a resort where one day's room rate could be equal to a local villager's monthly income, so you create dependency and resentment.

We had a blank canvas where we recognized a resort development is a double-edged sword: we could do tremendous good or bad.

With that great sense of responsibility, we wanted to do good and as we did that, we began to realize consumers like to link their purchasing power with their values. More importantly, our associates like to be identified with a company that reflects their values.

This has been a core value of Banyan Tree.

Chiang: Doing good is not extra; it must be the rule of business.

For example, we grow 2,000 trees per year for every resort, we buy locally, and we create local jobs – the arguments for sustainability and the growth of community are due to that intervention.



The panorama oasis pool at the Banyan Tree Shanghai On the Bund

Ho: Wall Street has focused on maximizing shareholders' profits, but if you recognize stakeholders, which includes the employees and customers, then CSR is no longer external to you – it's a fundamental upon which my compensation is reflected.

Chiang: Our search is for a new kind of economic order and a new kind of capitalist model, away from the short-term Wall Street capitalism that maximizes individual gain, into what we call communitarian capitalism, where we look at stakeholders' interests as equally important as those of shareholders.

It makes sense, but are we as a society a long way from achieving that?

Ho: We are, but it starts at the level of business education. The failure of Wall Street leaders today can be placed at the doors of the business schools they have graduated from, because business schools turn out MBAs who practice group think and they all come out focused on making tons of money. But business students today are reacting against this. The number of business school students who want to focus on social enterprises has gone up and the number going into investment banks has gone down.

We need to change the mindset so that the fundamental mission of business is to build a better society. Business and capitalism is critical to the success of the world, but it makes me cringe that business leaders think they are not supposed to be idealistic, that they're only supposed to be making money.

Chiang: This is about shaping business activism – businesses talking to other businesses about what they should and must do to improve the world.

Is the tenure of jobs or the pressures of short-term results an excuse?

Ho: The Street demands results, so education has to be across the board. You need education with popular media that doesn't demonize business leaders and you have to create a culture where there is a sense of what business should be about.

In the U.S., there is a high degree of patriotism because the military as an institution in the U.S. is portrayed positively by Hollywood so every American learns to have respect for that institution.

The media has portrayed businesspeople in a negative light, so we need a shift in mindset.

Can entrepreneurship be taught or is it inherent?

Ho: Certain traits must be there, but a lot can be taught. Entrepreneurship by itself is such a risky proposition that we need to teach young people how to reduce the risk of the path towards entrepreneurship and not glamorize it. One out of 90 succeed so the track record isn't good.

Is it challenging to maintain the family feel within the company?

Ho: Early on, we started a Banyan Tree Management Academy.

We have about 9,000 employees today – 59 nationalities spread across many countries. Of the 9,000, we probably have 2,000 to 3,000 in middle management. We have historically brought them to a training academy in Phuket to mix with each other for a two-week program where the faculty are our internal senior people, so they not only learn technical things but also about the culture. We are a rainbow company where everybody, regardless of background, can feel there is a future for them.

Whenever we open a new hotel, we put together a task force of young people drafted from different hotels and backgrounds so they help the new hotel acquire the management culture. But in working together, they develop a bond.

As a family business, is it challenging to get away from it at times?

Ho: This started as a family business, but if it's going to continue beyond us, it has to be a culture where our closest associates from the lowest to the highest feel a sense of ownership of Banyan Tree.

Family is whoever is trusted to be part of the decision-making process. The business has to be led to grow in its own right.

Are you always thinking about what's next or do you take time to appreciate what you've achieved?

Ho: Prior to opening the doors of a new property to paying guests, we have a big party where we give awards to contractors, suppliers, and all of our staff.

That's when I really see all the people that have been involved and the pride they have in knowing that this property is now alive, and everyone at that party feels they made a genuine contribution. After that, the focus is on the next hotel. ●