

The Golden Rule

An Interview with Allen Smith, President and Chief Executive Officer, Four Seasons Hotels and Resorts

EDITORS' NOTE Allen Smith assumed his current post in September of 2013. He was the CEO of Prudential Real Estate Investors since 2008. Smith joined Prudential in 1987 as a member of its hotel investment group after earning his master's degree from Cornell University's School of Hotel Administration.



COMPANY BRIEF 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 opened its first hotel in 1961, and has since grown to 92 properties in 38 countries with an exceptional culture of service. The company was taken private in 2007 by its long-term shareholders.

What excited you about this opportunity and made you feel it was the right fit for you?

When I was approached about this opportunity, I was in no way looking for a new job. I was very happy where I was. I had a great job with a great company. It is a testament to how compelling this opportunity was, and this company is, that I am here.

In Four Seasons, I saw the opportunity to lead an iconic global brand – the best hotel company in the world. I saw an opportunity to join a culture that is renowned throughout not just this industry, but any industry, and to join a group of people who are committed to and known for their pursuit of excellence in everything they do. I was also excited by the prospect of advancing a global growth agenda that I thought was very appealing, particularly at this point in the market.

Coming from a place where doing the right thing is part and parcel to the fabric of the company, it was extremely important for me to join an organization that had a similar moral integrity. For all of these reasons, Four Seasons was a natural fit.

You come to Four Seasons from outside of the hotel business. How will your past experience help in this role, and what drew you to the industry?

Despite what may seem like an improbable journey to some, looking back it's easy to

connect the dots in my career, and to see how my experiences prepared me for this opportunity.

Global businesses present a very unique set of challenges and complexities. My leadership experience and success running a global organization, and the ability to build relationships across geographies and cultures, is an essential skill set that I bring to this position. Certainly, my engagement with investors and an investment audience is an asset. Prudential is also a service business, one where we had to be

very attuned to the needs of our clients, always putting investors first. Having a background in real estate investment and ongoing involvement with hotels gives me a strong understanding of hotel operations and underwriting.

I'm confident that my experiences to date have prepared me for this position, while I recognize that I have much to learn about this business. Fortunately, I am supported by a stellar team, and have been impressed by the strong leadership and caliber of talent I have encountered at all levels of this organization. This is an extraordinary company. I was excited about this opportunity before I arrived, and now that I'm here, I'm more excited than ever about what we can achieve together.

What has been your major focus in the first few months of leading Four Seasons?

My immediate focus is on learning as much as possible about the different facets of the business. Having said that, I have devoted a significant amount of time to meeting our people – our employees, our hotel owners, and our shareholders. I've met all of our hotel general managers and senior level staff around the world, met or spoken with more than half of our hotel owners, and engaged actively with our shareholders. In addition, I've visited 17 of our hotels in eight countries, which has kept me busy during my first 10 weeks on the job.

When you look at the portfolio of properties for Four Seasons Hotels and Resorts today, are there key markets that offer opportunities for expansion, and what are your plans to introduce new properties?

We have more than 60 projects at various stages of development in our pipeline. Our wish list includes both the places where our guests want to go, as well as the places they come

from. We continue to build brand awareness in emerging markets such as China, India, Russia, and Brazil, and strengthen our established positions in Europe, the Middle East, and North America. Our four openings for 2014 – Moscow, Johannesburg, Orlando, and Dubai – are great examples of growth markets.

There is an incredible focus on developing markets, and there is no disputing the integral role these markets play in our future growth plans. China, for example, has been part of our strategic growth plan for more than a decade, and will continue to be a critical component of our growth strategy in the future. Business from mainland China is up 76 percent this year compared to the same period last year.

But it's easy to overlook opportunities in developed markets such as North America. Despite our extensive footprint here, there are still many opportunities for growth. Even in a destination like Florida where we have two existing properties, another is set to open in Orlando next year, and there are still new opportunities to be had.

Conversions continue to be an important growth channel, allowing us to enter new markets more quickly. For example, having a property in Johannesburg – the gateway to the whole of southern Africa – is essential as we explore opportunities for growth in South Africa, and across the continent. The conversion of an existing property in Johannesburg was the best way to facilitate a quick entry into this important market.

Four Seasons Hotels and Resorts is known for its service culture. Would you highlight this focus and the success of the brand in providing consistent service standards throughout your properties?

Four Seasons was founded on a single principle that transcends time, geography, religion, and culture: the Golden Rule – the simple idea that if you treat people well – the way you would like to be treated – they will do the same.

This is not lip service. As I have seen in the hotels and corporate offices across this company firsthand, the execution of our vision is inextricably guided by this philosophy. It defines the people we hire and those we partner with, the properties and experiences we create, and our future priorities.

This philosophy, and a fundamental respect for fellow individuals, provides the strong foundation for our culture of quality and service.



In addition to an adult's only pool, Four Seasons Resort Orlando at Walt Disney World® Resort will include a family pool (rendering above), Splash Zone, and Lazy River as part of the property's five acre Explorer Island experience. Presidential Suite bedroom of the new Four Seasons Hotel Moscow (below). Both properties will open in 2014.

This allows us to attract and retain the type of men and women who can deliver exceptional, highly customized guest experiences, which is the key to building and maintaining guest loyalty. It is this service excellence, delivered consistently across the portfolio, complementing the unique characteristics and local flavor of each property, which truly sets Four Seasons apart.

The word “luxury” is used so frequently today. Has the word lost some of its meaning, and how do you define a true luxury hotel experience?

It's no secret that there is more competition now in the luxury hospitality space, and that the commoditization of luxury is one of the industry's biggest threats. We believe that the only sustainable differentiator is one's ability to customize the guest experience, to truly understand and anticipate guest needs, and to deliver against them for a memorable experience at all levels.

We know that luxury hotel guests today have higher expectations than ever before. The modern luxury traveler wants ultimate personalization, but with simple, seamless delivery. Luxury means providing choice and flexibility without overwhelming guests – getting things right for the guest but with minimal effort on their part.

This is accomplished by ensuring that we not only anticipate the needs of our guests, but develop programs and services to consistently exceed their expectations.

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

Strong partnerships are at the crux of everything we do. As a management company, our success rests on the strength of the relationships

we build with our owners. We move forward with projects only if we can be certain they are in the right location and with the right partner – a partner who is well-capitalized, and who shares our vision of creating an unparalleled guest experience. There is tremendous growth opportunity with our current owner base, of which we have very little turn over and many long-standing relationships.

One of the most positive and consistent pieces of feedback I have received during my meetings with owners to date is their desire to do even more business with Four Seasons. Today, more than a quarter of our existing hotel owners own more than one Four Seasons property, and we recognize the potential in growing with our existing owners.

We always have to be mindful of the fact that, ultimately, our owners invest to make a

rate of return. We have to be prepared to challenge ourselves where appropriate, and be flexible where we can be without compromising what the brand stands for. We have examples where we have worked very constructively with owners to find solutions – both capital and operating – that have addressed their needs.

But there is more that we can do. There is a degree to which we can introduce more of an asset management mentality to our engagement with owners. This means viewing owners through a different lens to better understand their needs and preferences, and taking a long-term view when managing these relationships. But this will always remain within the context of Four Seasons being the world's leading luxury hospitality company, which is our continued focus.

What are your key priorities for Four Seasons Hotels and Resorts in 2014?

In 2014, my focus will be on preserving our trajectory of excellence, and building on our competitive strengths. Our goal is to identify an organic pace of long-term sustainable growth that delivers exceptional value to all of our stakeholders without compromising what makes us unique. A healthy pace of growth will allow us to build on our strengths. Operating from a position of strength will, in turn, allow us to be opportunistic as we look to the future.

We must continue to always be focused on delivering exceptional value to hotel guests and property owners, which will support our long-term growth plans. As we expand our global footprint, our commitment to quality and service is unwavering; growth will not be at the expense of the guest experience. Our success will not be defined by unit growth alone, but by our brand position and differentiation in the market.

Our long-term success rests on preserving an innovation-adept culture; a culture of excellence, and one where our employees are passionate about the guest experience. A unique understanding of our guests is the starting point for creating the kind of experiences they want and value. Guest recognition will be a continued focus in 2014. Understanding what our guests value, delivering it, and keeping track of their changing needs is one of the most important things that we can do. ●

