

Isadore Sharp: Creating the Four Seasons Difference

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Meet Isadore Sharp, one of four children of Polish parents who immigrated to Toronto before his birth in 1931. Issy, as he is known to his friends, worked at his father's construction company after college, and while building a motel for a client, formed the ambition of building and running a motel of his own. Sharp opened the Four Seasons Motor Hotel in 1961 with 125 affordable rooms in a rather seedy area outside the core of downtown Toronto.

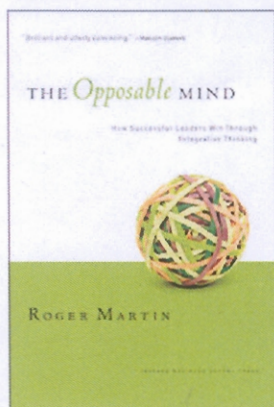
At that time, a would-be hotelier had two choices. He could build a small motel with fewer than 200 rooms and simple amenities. The capital requirements were modest, and per-room operating costs were low. The alternative was the large downtown hotel catering to business travellers. Such hotels usually had at least 750 guest rooms and extensive amenities, including conference facilities, multiple restaurants and banquet rooms. Sharp's fourth hotel, a 1,600-room downtown convention hotel featuring a huge shopping arcade, met that description. Like Sharp's first motel, it was profitable and popular.

Each type of hotel had its advantages, as well as distinct drawbacks. For all its comfort and intimacy, the small motel wasn't an option for the business traveller who needed a well-appointed meeting room or state-of-the-art communications facilities. Large hotels produced a big enough pool of revenues to fund the features the market demanded, but tended to be cold and impersonal.

After opening that fourth hotel, Four Seasons Sheraton, in 1972, Sharp sought, in his words, "to combine the best of the small hotel with the best of the large hotel." He envisioned a medium-sized hotel – big enough to afford an extensive array of amenities, but small enough to maintain a sense of intimacy and personalized service.



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Sharp reasoned that if the Four Seasons offered distinctly better service than its competitors, it could charge a substantial premium, boosting

revenue per room to the point where it could offer top-of-the-line amenities. Before he could ask guests to pay a super-premium room rate, though, Sharp understood that he would have to offer them an entirely different kind of service.

Salience at Four Seasons When he considered what his guests, mostly travelling business executives, were looking for, Sharp's view of salience more nuanced and humane than that of his rivals. "Luxury, at that time, was seen chiefly as architecture and décor," says Sharp. "We decided to redefine luxury as service – a support system to fill in for the one left at home and the office."

Four Seasons became the first to offer shampoo in the shower, 24-hour room service, bathrobes, cleaning and pressing, a two-line phone in every guest room, a big, well-lighted desk, and 24-hour secretarial services. Defying the traditional approach in the industry, which was to set a relatively fixed standard of physical and service quality across the entire chain, Sharp made sure each city's Four Seasons reflected the local colour and culture.

Sharp also recognized the salience of the hotel's ownership structure. To his rivals, operating and owning went hand in hand. But ownership tied up capital and exposed the hotelier to fluctuating local real estate values, and diverted valuable senior management time. Four Seasons shed those burdens by becoming the first big hotel company to manage, rather than own, the hotel facilities that bore its name.

Causality at Four Seasons Certain causal relationships are obvious to anyone in the hotel business. The traditional belief was that a full-service business traveller hotel needed at least 750 rooms to generate the revenue to pay for its amenities. Sharp saw a more complex relationship between hotel size and amenity. If he could provide his guests with a higher standard of service, they would pay significantly more per room per night.

How could Sharp attain that level of service? By seeing the causal link between the way a hotel treated its employees and the way employees treated their guests. Rather than treating its employees as disposable, Four Seasons distinguished itself, in Sharp's words, "by hiring more for attitude than experience, by establishing career paths and promotion from within, by paying as much attention to employee complaints as guest complaints... by pushing responsibility down and encouraging self-discipline, by setting performance high and holding people accountable, and most of all, adhering to our credo, generating trust."

Sharp's management has generated enough trust to establish Four Seasons as the employer of choice in the hotel industry. When the New York City location opened in 1994, more than 30,000 applicants applied for 400 jobs. And until 2007, the company appeared on Fortune magazine's list of the 'Top 100 Companies to Work' every year since the ranking first appeared in 1998. Architecture at Four Seasons In architecting Four Seasons' competitive strategy, Sharp did not proceed sequentially. Instead of first deciding how big a hotel would be, then establishing service standards, and then setting human resources policy, he kept the chain of considerations in mind while working on individual links in the chain.

One organizing principle runs through the entire Four Seasons organization. Everyone is guided by the Golden Rule: in Sharp's words, "to deal with others – partners, customers, coworkers, everyone – as we would want them to deal with us." Every phase of hotel operations coheres around this strategy. Significantly, Four Seasons has no separate customer service department. Everyone at the Four Seasons is not just a member of the customer service department, but in charge of it. **Resolution at Four Seasons** Sharp set out to create "a reputation for service so clear in people's mind that Four Seasons' name will become an asset of far greater value than bricks and mortar." The results speak for themselves. With 73 hotels in 31 countries, and with 25 properties under development, Four Seasons is considerably larger than the next biggest luxury player. Condé Nast Traveler ranks 18 Four Seasons hotels in its global Top 100 list, more than three times the next most cited chain. A Four Seasons signifies that a city has become a global destination.

Sharp succeeded because he was willing to consider a broader set of salient features, delve into more complicated causal relationships, and architect holistically the decision facing him. His resolution produced a system of reinforcing activities, each of which fits with and strengthens the whole. In the process, he did nothing less than fashion a new way to succeed in the luxury lodging business.

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