Bob Hazard – Lodging Legend
By Dr. Richard Kelley

This week, I was pleased to join David Carey and Dr. Chuck Kelley in Los Angeles at The Americas Lodging Investment Summit (ALIS) and applaud while that organization presented Bob Hazard its prestigious Lifetime Achievement Award. It is a well-deserved and, I believe, long-overdue recognition for a hotel industry pioneer who dramatically and permanently changed the way hotel and resort products are marketed and sold.

Many others have had a dramatic impact on the lodging industry over the last three decades. If asked to list those who have initiated major, lasting changes, I believe most knowledgeable commentators would include people like J.W. Marriott, Jr. – Marriott International, Steve Bollenbach – Hilton Hotels Corporation, Barry Sternlicht – Starwood Hotels, and Steve Wynn – Wynn Hotels & Casinos.

Bob Hazard would certainly also be on my list. To really understand Bob’s impact on the lodging industry, one has to recall that before the 1980s, most hospitality companies offered only one type of hotel product. All Holiday Inns looked pretty much alike. Hilton, Marriott, Sheraton and others each offered a single concept and carried the same brand standards from city to city.

Under the leadership of Roy and Estelle Kelley, our company followed suit. We operated a number of properties in Waikiki, but they were all called “Outrigger” – Outrigger Waikiki, Outrigger East, Outrigger West, Outrigger Reef, Outrigger Reef Towers and so on.

Bob Hazard began his business career at IBM and American Express. He was CEO at Best Western Hotels from 1974 to 1980.

In 1980, Bob moved to Choice Hotels International where he became chairman, president and CEO and, along with partner Gerald W. Petitt, pioneered the concept of multiple-brand hotel offerings by one company. At the time, many hoteliers and owners were complaining about low hotel rates and occupancy, but no one was doing anything about it.

Bob Hazard and Jerry Petitt felt the reason hotel occupancy and room rates were low was that most big hotel companies all offered the same product – city-oriented, big-box hotels all competing for the same customer. Some pundits said there were just too many hotels.

Hazard and Petitt took the opposite view and
said low rates and occupancy were really a result of too few customers!

So Choice Hotels looked for underserved customers by developing a range of smaller, different properties such as Comfort Inns, Quality Suites, Comfort Suites, Clarion Hotels and Resorts, Sleep Inns, EconoLodge, Rodeway Inns and others.

Choice Hotels International grew dramatically from 339 hotels to more than 3,500 domestic and international properties during Bob Hazard’s tenure there.

Commenting on that record in Hotel Business, Bob said, “It set off a brand segmentation revolution that led each of our competitors like Holiday Inn, Wyndham/Cendant, Starwood, Marriott, Hilton and nearly every other lodging chain to follow.”

I first met Bob in the 1980s at a meeting of the Presidents’ Academy, an annual gathering of the heads of hotel companies sponsored by the Educational Institute of what was then the American Hotel & Motel Association (now the American Hotel & Lodging Association). We became good friends over the years and, when he became the Dean of the Presidents’ Academy, he asked me to serve on its board. Over the next seven years, largely thanks to Bob’s leadership, the quality of the meetings improved significantly.

I asked Bob to serve as a director of Outrigger Enterprises, Inc., which he did for 12 years, from 1996 (after he left Choice Hotels) to 2007. During his term on our board, he was always asking important questions and suggesting innovative, new ways of looking at old issues. We enormously appreciate his interest in, dedication to and service for Outrigger.

There is one more Bob Hazard story I would like to share. When we acquired the Outrigger Prince Kuhio hotel in 1982, the lobby came furnished with several huge double lounge chairs complete with a canopy that offered privacy to those who used them. It was in one of those lounge chairs that Bob Hazard proposed marriage to a lady named Vicki. She accepted on the spot and last Tuesday David Carey, Chuck Kelley and I sat at her table in the ballroom of the JW Marriott at LA Live and applauded enthusiastically as Bob Hazard received this wonderful award.

Bob and Vicki Hazard now live in Montecito, California, just next door to Santa Barbara, but they are far from retired. Both are very active in community organizations, and Bob still finds time to share his insights with others by writing a column for the local newspaper, Montecito Journal.

Congratulations, Bob, on your latest – and truly well-deserved – honor and title, “Lodging Legend”!

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**Lifetime Achievement Award remarks at America’s Lodging Investment Summit**

Robert C. Hazard, Jr. - Jan. 27, 2015

Following are the remarks Bob Hazard made when accepting his Lifetime Achievement Award. In Saturday Briefing, we rarely publish the remarks of people outside our own company, but Bob has some real words of wisdom here and some wonderful advice, so I hope you will read what he has to say.

I have only one quibble with Bob’s remarks, which is that he gave me far too much credit for Outrigger’s expansion to the far reaches of the Pacific. While it’s true that I laid much of the foundation for our growth, most of the credit for creating the strategy and carrying out the expansion belongs to David Carey and the amazing team of change-makers he has put together.

- Dr. Richard R. Kelley

Thank you, Jim, [Jim Burba, ALIS conference chair], for those kind words. I am proud to accept this award on behalf of all those who worked with me at both Choice Hotels and Best Western, and especially the 6,000 franchisees and members who gave us our collective success.

Over the past 40 years, I’ve been fortunate to have worked with an incredible number of amazingly talented and capable people whom I respect, appreciate and admire. A few I have helped, but most have helped me. The unfortunate thing in this business is that the caterpillars do all the work, but the butterfly – the CEO – gets all the credit.

The most important people in your organization are the change makers, the ones who are perpetually dissatisfied with the status quo. They ask, “What can we do next Monday morning that is different and better?” They are often young and buried in the bowels of your organization.
As a CEO, it is your job to find them, listen to them and polish them as carefully as fine gems, because they hold the secret to your success. They are the people who can anticipate, understand and manage change in a healthy way.

When I started in this business, there were perhaps 20 hotel brands in this country. The industry was dominated by four giants—Sheraton, Hilton, Western International, and Rock Resorts. They were all brick-and-mortar companies, financed by Prudential or some other large insurance company.

The icons who led these companies wanted progress—but not if it brought change. It was very difficult for the big four hotel companies to imagine the future and take steps to shape it. Tradition trumped innovation.

Management companies were few in number and were not held in high regard. Franchising was a dirty word, associated with those low-cost roadside motels run by Holiday Inns, Ramada, Days Inns, Quality Inns and Best Western.

Troublemakers like me, my long-time business partner Jerry Petitt, Mike Levin at Days Inn and Ray Schultz at Promus were viewed as young upstarts who didn’t understand the real hotel business.

There was no Asian-American Hotel Owners Association. Now, they count 12,000 strong, own 20,000 hotels, and control 2 million rooms worth $130 billion. They represent 40 percent of all hotels and 80 percent of limited service facilities.

Credit early Asian-American pioneers like M.P. Patel and H.P. Rama as innovators. They successfully moved the Asian-American segment of the hotel marketplace from the periphery into its mainstream—replacing discrimination with admiration. These courageous leaders have been real change makers within our industry.

Why is change so important? Change is inevitable—only your reaction to it is optional. You can sit and watch change—or you can step forward, help make it happen and have some fun. A few years from now, when you are standing up here receiving your own lifetime achievement award, this industry will look 100 percent different than it does today.

Out of thousands of people who have made a difference during my lifetime, a few come to my mind as examples of world-class change makers.

One is Bill Marriott. Most of you honor and respect Bill for the accomplishments of his 50-year career, growing Marriott International into a $22 billion global lodging giant. His secret strength is that he is a world-class listener.

Most of you are too young to remember Bill’s epic battles with his father, J. Willard Marriott, the founder of “Hot Shoppes.” JW loved the food business and hated debt. Son Bill wanted to invest in hotels. Taking on debt was a necessary part of his business strategy.

In the early 80s, Marriott crafted a strategy to build hotels and sell them on Wall Street as tax shelters. When the tax laws changed, the company was caught like an aircraft carrier trying to make a fast turn.

Always quick to react, Bill devised a plan to split Marriott into two companies—Host Marriott, with the real estate ownership (along with all that nasty debt), and Marriott International, with a new strategy of dependence on global franchising and management income. It may seem obvious today, but at that time it was a “you-bet-your-company” decision in adapting to change.

A second great change maker is right here in the audience today... Dr. Richard Kelley, who is Chairman Emeritus of Outrigger Enterprises based in Honolulu, Hawai’i. Quite simply, Richard Kelley is a visionary and an innovator... and one of the world’s great human beings.

Outrigger Hotels was founded in 1948 by Richard’s father, the legendary Roy Kelley, who built smaller-room hotels for middle-class travelers coming to Waikīkī Beach on a budget. When Richard took over the family business, the market began to change and beachfront hotels became the rage, dominated by big-box chains like Hilton and Sheraton.

Under Richard’s leadership, the second- and third-generation Kelley’s reacted quickly, and devised a bold new strategy to transform Outrigger into the leading owner-developer-manager of beachfront resorts in every country bordering the Pacific Rim.

My third example is Jerry Petitt, my partner and friend of 40 years. Jerry is both an engineer and an innovator. We worked together as closely as the two halves of a zipper at five different companies—IBM, American Express, Best Western, Choice and later Creative Hotels, our own development and management company.

If I could offer one piece of advice to you, it would be this: The most important decisions you make in life are the partners you choose—your wife, husband or significant other; your business associates; your teammates and your personal friends. Choose wisely—and surround yourself with strong people who share your vision and values.

My father insisted that the three secrets to success are industry (work hard), ability (improve yourself) and integrity—and by far, the most important of these is integrity.

In sports and in business, there is a formula for making a graceful exit. Recognize when your time is up, and step aside for the next generation of change makers to take your place. At 80 years old, I’m on the back nine of life, but I am still inspired by those who are unafraid to take a risk.

Thank you all for this award.

[Read Bob Hazard’s Q&A conversation with Jim Burba at saturdaybriefing.com.]