Meeting Our Future Leaders
By Dr. Richard Kelley

Last Monday, Dr. Chuck Kelley and I had the privilege of speaking to students at the Daniels College of Business at the University of Denver. Although we were just a few hundred yards from the Ritchie Center where presidential candidates Barack Obama and Mitt Romney met for their first debate a few weeks earlier, we had a much smaller audience, about 45, and there was no press coverage – most representatives of the media were in Florida covering the third and final debate of this election season, which began just after our lecture in Denver ended.

The students we met were enrolled in the college’s Fritz Knoebel School of Hospitality Management and were taking an optional course titled the “Timothy C. Russell Distinguished Lecture Series.” The course is supported by a memorial fund, which helps cover the cost of bringing global leaders in Travel & Tourism to campus to deliver lectures, meet with students and exchange ideas.

Dr. Chuck and I spoke about family businesses in the hospitality industry. Here’s a summary of what we said.

There are many families who work together in the hospitality industry. In a few cases, their brands are among the most prominent and recognizable in the industry. For example:

The Marriott family, which has significant holdings in Marriott International, comes immediately to mind. Founded by J. Willard Marriott in 1927 as a fast-food restaurant, the company opened its first hotel in 1957. Today, Marriott International is the largest and most successful family-led hospitality company in the United States, if not in the world. The founder’s son, Bill Marriott, is my friend and contemporary. Although he recently transferred CEO responsibilities to Arne Sorenson, Bill remains a very active Chairman.

I also know members of the Carlson family of Minnesota, which owns and operates the Radisson Hotels, Country Inns & Suites and Park Plaza brands as well as Carlson Wagonlit Travel, one of the world’s largest business-travel management companies. Entrepreneur Curt Carlson founded it. His daughter, Marilyn, succeeded him as CEO and led the company’s worldwide expansion.

The Pritzker family closely controls the Hyatt brand properties, as well as many other companies. Founded in 1957 by brothers Jay and Don Pritzker, Hyatt was later recapitalized as a public company. Some years after that, the Pritzker family bought back substantially all the company’s assets and “took it private” again.

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Currently, a lot of attention is focused on the Trump family. Donald Trump, his two sons and daughter Ivanka are working hard to establish the Trump Hotel Collection as the world’s premier brand of super-deluxe properties.

On a vastly different scale, the Faessler family entered the hotel industry in Germany over 90 years and five generations ago. Currently, Johannes Faessler, a graduate of the University of Denver, leads the operations of the Sonnenalp Resort in Vail, Colorado. The ultimate host, he can be found checking on the service his guests are receiving at almost any hour of the day or night.

A number of U.S. hotel companies started as family businesses but are now owned and managed by large corporations. A prime example of this is the Hilton brand, which was founded by Conrad Hilton in 1925. His son, Barron, succeeded him. A few years ago, the Blackstone Group, a financial house, purchased the assets of Hilton Worldwide, and Hilton family members are no longer active in the company.

Internationally, family ownership and operation of an individual hotel or hospitality company is very common. This is particularly true in Asia, where there is a strong tradition of families doing business together. Asian families typically take a very long-term view and hold on to their assets for several generations.

Using Outrigger Enterprises Group and the Kelley family as an example, Dr. Chuck and I discussed the differences between a company that is owned and operated by a family group and one that is owned by a corporation. Generally, but not always, families apply a longer-range view to the management of companies they own than corporations do.

There is also the personal relationship component to consider. For example, in spite of his many other responsibilities, Bill Marriott spends a great deal of time with his “associates” – employees – no matter what their rank or title.

I recently stayed at the Essex House, an iconic hotel in New York City that had been converted from the flag of Jumeirah (a corporation based in Dubai, on the Arabian Peninsula) to that of Marriott just a few days before my arrival.

I talked to a number of staff members throughout the hotel and asked how the transition was going. They all told me it was happening very smoothly and that everyone was looking forward to meeting Mr. Marriott, who was scheduled to arrive later that day. One room service worker put it this way: “I want to meet the man whose name is spelled the same way as the name on the sign by the front door and the name on the first line of my paycheck!”

Dr. Chuck spoke about Outrigger’s wonderful ‘ohana and how we all work together as a team. He illustrated his thoughts by showing lots of photographs and adding personal stories about individual employees at our properties across the Pacific.

After the lecture, my wife, Linda, my daughter, Bitsy Kelley, and her husband, Greg Shaw, joined Dr. Chuck and me on stage to help respond to the many questions the students had about jobs and careers in a family-owned and -managed hospitality company.

Later, the discussions, questions and answers continued in the foyer with cocktails and hors d’oeuvres prepared by the students.

It was an enjoyable afternoon, and we were all happy to meet a fine group of bright, ambitious young men and women who, I am sure, will be among the leaders of our industry in the not-too-distant future.