

# **Sustainable Growth**



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Often called the 'Pearl of the Indian Ocean', Sri Lanka's diverse attractions have always lured tourists from all over the world. Since the end of the war in May 2009, there has been rapid growth in the numbers of tourists visiting Sri Lanka and as a sector, tourism is booming. Hoteliers all over the country are gearing up for the influx of tourists. The General Manager of Cinnamon Grand hotel, Rohan Karr has been the orchestrator of the hotel's continued success over the past few years. Karr shares with Business Today his views on ways of enhancing the industry, how he motivates his team and his vision for Cinnamon Grand, going forward.

By Thilini Kahandawaarachchi

Photography by Menaka Aravinda and Mahesh Prasantha

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**You have been the General Manager of Cinnamon Grand for about six years. Could you give us an overview of the hotel's accomplishments during that time?**

Our achievements at the recent Presidential Awards as the Best Five Star City Hotel for the third time and the subsequent induction into the very first Hall of Fame in tourism speaks volumes, not only about our consistent emphasis on indulging our guests, but also about how we have kept our brand promise and adhered to our brand values, all vital to the marketing of our brand. What is also significant is the premier position we have etched today, in comparison to when John Keells took over this hotel in 2003, where we have competed against international chains and remained at the top consistently.

For me however, what is most relevant is the impact these changes have had on the livelihoods of our Associates, not only financially, but also in enhancing their knowledge and skills and in honing their talents through very pragmatic training and development initiatives. The best example is that in 2003 the monthly service charge was Rs 7,000, while now, it has increased commendably to Rs 20,000 to Rs 25,000 per month, most often tabled as the highest in the industry. This to me is about touching lives of our Associates and their families.

Our industry is about people, people who serve and people who receive that service. Service will always be the barometer upon which our industry is judged and service, to be superlative, has to go the extra mile. This can be done only if our Associates have a healthy work life balance and are happy in the environment they work in.

Training and development programmes we impart to our Associates are aligned to ensuring that our service levels are always above par, which has also created a highly professional skilled and service oriented pool of human resources who are guaranteed superior levels of employment overseas due to the legendary standards displayed by the hotel. In a similar vein, we touch Associates' lives by ensuring they are happy and content away from work too, giving them options of academic enhancement, financial and medical assistance and other such facilities to meet their personal goals and ambitions. In a way, winning the Presidential Award is almost a given among our team because they know that they work for the best city hotel in the country and in turn, do more than their best to ensure that it remains so.

**It Is Pertinent To Note That Our Expansion Has Been Achieved With The Same Team As At The Time That John Keells Took Over - No Experts, No Expats - Just Our Own Sri Lankan Team Who Have All Worked Together To Place Us At The Top, A Position We Enjoy Today.**

From a business perspective, our journey has been unprecedented. We began with just two restaurants which to date, has grown to fourteen, with the option of adding a Dim Sum restaurant by the end of the year, which once again is a pioneering concept. It is pertinent to note that our expansion has been achieved with the same team as at the time that John Keells took over - no experts, no expats - just our own Sri Lankan team who have all worked together to place us at the top, a position we enjoy today.

Prior to 2005, when the branding of Cinnamon Grand took place, we invested USD 32million on the property to elevate it to an international five star and it is that investment, coupled with focused training that saw the entire business turnaround. At present, Cinnamon Grand is running at a high 70 percent occupancy while the market is averaging in the mid 60s, which is a clear benchmark that we are the preferred hotel in the city.

**There are many hotels in the city. How do you maintain your standards at**

## **Cinnamon Grand and ensure that your clients get the best?**

Maintaining standards is one of the toughest challenges we face, primarily due to the high labour turnover within the industry. With our hotel's training being one of the most comprehensive, our Associates are headhunted or preferred for the better jobs overseas. Middle Eastern hoteliers and even those from Seychelles, Maldives, Doha, Dubai and Canada recruit from Cinnamon Grand. However, while re-training staff to fill the resulting gaps is therefore a huge challenge, I'm also pleased that as a result of our Associates being with Cinnamon Grand, the opportunities they have got both in a qualitative and quantitative sense in furthering their career goals have been immense and I do wish them the very best. But at the same time, each of our Associates is very much aware that our Unique Selling Proposition is our service excellence. While hardware, whether in rooms, restaurants and facilities can be the best in any hotel, it is ultimately the people who deliver the service and the delivery of the hotel's brand promise that makes the difference. This difference is therefore infused through a convergence of training programmes on brand, hospitality, audits and self audits at Cinnamon Grand, which help us remain on top of the challenge in staff turnover. We are not perfect; there are instances when we have dropped the ball but the miss is quickly addressed, solutions found and we get back on track, very fast.

## **Your hotel is located in the heart of Colombo, what is the competitive advantage that Cinnamon Grand has over its competition?**

I reiterate that our biggest competitive advantage is our Associates because it is their passion that is ultimately translated into the good results and the kudos we receive. We are also fortunate with our central location, which to any business is important, coupled with the surrounding environs of the spa complex, apartments and shopping mall, making it a small city within a city. We also invested Rs 500 million on the refurbishment of the 250 rooms in the Courtyard Wing. With all this in the equation, our product is second to none.

## **Our Biggest Competitive Advantage Is Our Associates Because It Is Their Passion That Is Ultimately Translated Into The Good Results And The Kudos We Receive.**

**You always speak highly about your staff and make them part of all the achievements of the Hotel. What is your staff strength and how do you train and motivate them?**

We have 1,200 Associates and given the nature of our business, we cannot have a high fixed labour count and therefore, are compelled to have some variable staff.

Training wise, after the three-day induction, all Associates undergo 'Cinnamon Magic', which is a comprehensive two day training programme on 'The Way We Do Business', conducted by team leaders and heads of departments. Just as all international brands have customised training programmes, 'Cinnamon Magic' is our own tailor-made one. This is where we talk about our business to our Associates, elaborating on mindset changes required to deliver on our brand promises. Each of the nine modules deals with interdepartmental relationships, customer service, training and a cultural mindset change programme. Once the nine modules are complete, we conduct a 'short take' for every Associate which is about 15 minutes of training per day, where knowledge is shared or department training needs are addressed.

Like I said before, we are very enthusiastic about a healthy work life balance and therefore while we work hard, we also play hard. Our very active welfare society and sports club are central to organising annual events for Associates and their families and recently, following the practice done in the two previous years, we held the Grand Presidential Awards Party to celebrate our success with every Associate.

**With the upsurge of tourism there is also a tendency for a drop in the services provided. How do you ensure that your clients still get the best?**

That assumption is incorrect as the only reason service levels will drop is if the country is not equipped or accustomed to running business at the upped levels. When we run at a high 80 percent to 90 percent occupancy levels, I agree that Associates are sometimes stretched. For the last twenty years they have been used to servicing half of that and to bridge that gap, leadership and attention to detail come in.

As management, it is our responsibility to ensure that the right person is in the right place doing the right job, and that he/she has the right tools to do the job to the best of his/her ability. My responsibility therefore is to make sure that each of us is at our peak and have no cause to fail. This is something new and we are going to take them though this.

**As the General Manager of Cinnamon Grand, what is your latest challenge?**

To be known for different things and aim for different things! Let's be the benchmark and be recognised internationally as a hotel that others can emulate. We are now a trendsetter in the industry and here I believe, we have an opportunity to be innovative, creative and do things differently.

We have decided that we want Cinnamon Grand to be a tourism icon in Sri Lanka, similar to what the Raffles is to Singapore, (every tourist who visits Singapore wants to take a photograph at the Raffles), and then move to the next step of becoming a regional hospitality trendsetter. We are currently implementing a programme called the 'Raffle Run', getting the buy-in of each of our Associates to meet that vision.

**Currently Sri Lanka is being actively promoted as a major tourist destination in Asia. As a hotelier who has been in this field for more than two decades, what are the key aspects of tourism that need to be improved in Sri Lanka for tourism to truly flourish?**

With Sri Lanka being promoted by the global travel trade as one of the new hot spots in tourism, we can only grow upwards from here. We have a great target to achieve by 2015, a goal of two and a half million tourists. But for tourism to be a comprehensive driver in the country's future, we need to have a clear robust plan that addresses the questions, "What is tourism?", "What market do we want to grow?" and "How do we want to grow?" We have to clearly identify and segment our guests, work on products that work for each of them, innovate and create attractions that will make Sri Lanka more attractive and a choice above similar products or destinations.

Travel and tourism has evolved from the sun, sea and sand tourist to those more discerning and better travelled. The traveler wants to be educated, to be piqued, to be enthused. For me, it is about knowing what we want, how we're going to meet the expectations and how we will exceed those expectations.

**You spoke of different types of tourists who come to Sri Lanka. As the General Manager of a top hotel in Colombo, what category of tourists would you like to see coming to Sri Lanka?**

What I would like to see and what is the reality, are two different things. For Cinnamon Grand, we are a city hotel and therefore based in the city. No one leaves one city to holiday in another city. So what we have are business travelers, who mix business with pleasure and airline crews. While a very small percentage of my

market will visit for 'city tourism', we are restricted in 'leisure tourism' and those who do come in this segment, may stay one or two nights in Colombo.

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**Does that mean that you would you like to see MICE (Meetings, Incentives, Conventions and Exhibitions) and Business tourism promoted?**

Absolutely! Sri Lanka and our facilities create an exemplary blend for meetings, incentives, conference and exhibitions. However, this is an area that needs to be marketed cleverly as we have great potential in MICE tourism. Although there is global credit crunch and a tightening of belts, MICE tourism at a lesser budget can still be offered by Sri Lanka, although we must be careful not to be labeled as a 'cheap' destination. We have everything that everyone wants, with a difference.

**What have been the latest developments within the tourism and service sector in Sri Lanka?**

There is a definite positivity about Sri Lanka's hospitality industry and we have seen considerable investment infused into refurbishments, upgrades and new properties. Sri Lanka has just emerged from an extremely challenging three decades and with peace very much a reality, investment into the industry is a natural phenomenon. However, there must be caution in investing especially in construction of new properties. For example, analyse the location of the new property thoroughly before investing. Location is a definite advantage but if that initial decision is wrong, it could spell disaster. Planning is vital, as is knowing the target market and how marketing is going to be done. Crowning it all is the fact that every hotel must exceed a customer's expectation.

**As an hotelier, what are your concerns regarding the existing conditions of the country in terms of tourism, and what should be addressed in the immediate future to make Sri Lanka a top tourist attraction?**

Firstly, the private sector and the government have to work together on a clear plan. No one will find fault with anyone for putting in the time and effort to

establish a robust plan that identifies customers, their needs as well as their future needs. We can begin our investment based on that. For instance, we most possibly can construct 30,000 rooms, but do we have hospitality associates and chefs from different disciplines to service those rooms? The plan must include training and development and once the industry gains the fillip it most surely will, the brain drain we see in the hospitality sector will gradually ebb. Another feature that we must most certainly review is our payment and remuneration methods, which if done right, will keep our talent within our shores.

Secondly, we are lucky this is a green country. Our carbon emission is 0.64 compared to other major destinations.

Therefore, whatever construction we do, whichever way we want to grow tourism, we must maintain standards to ensure sustainable trends. The foundation for this is already laid and it would be highly advantageous for us, if we build on this rather than let it slide in the name of development.

There are also other factors. People no longer come for just the sea, sand and sun. People want to learn about the destinations they visit and educational projects are now a part of the curriculum even when children go on holiday. There is an angle here that involves bringing in the tenets of culture, fun and education into tourism, sometimes with community involvement which I believe is what makes up sustainable tourism.

**You have been successful in making Cinnamon Grand what it is today. A lot has been achieved since you took over as the General Manager. What do you hope to accomplish in the future?**

As an industry, we struggled for nearly thirty years to keep the hospitality and leisure industry afloat. But since the end to the war, we have certainly come a long way. Now we have to make sure that in the years to come, we make the best of it. However, this growth has to be on a win-win situation, where all stakeholders including customers, associates and shareholders will benefit.

Our room rates are still at USD 75 to USD 90. Where in the world would you get that for a five star hotel? We must start pushing the average rates up to at least USD 150 to USD 200, which is still cheaper than India and closer countries but at least it is a start. This naturally permeates to better service levels because today's traveler is extremely discerning and are willing to pay for what they want. Hence, if I

increase my room rates to USD 200, I must ensure that my product and service levels match that rate. A return on investment is also in the equation because we have to build a long term sustainable business, which must also cascade to creating a sustainable industry, not just for our generation but for those to come as well.

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My focus for the next two to three years would be to set this hotel as an industry benchmark in the region. With this I can achieve better returns as my room rate can be increased to USD 150, while having a product that's constantly innovating and founded on giving the guest 'an experience', constantly improving on standards and service levels and ensuring that our Associates and shareholders are benefited as well.

### **Any concluding remarks?**

The last six years have been an amazing and an exciting period. Even though the war was still going on, we were not complacent but instead laid a solid foundation for growth. Now with the war over, we are ready to take off.

Business has boomed in July and August and that will surely be the trend from now on. The challenges we face are quite different to those we faced earlier, and it is those challenges that will spur us to pioneer and innovate a better product and better service - all a part of the excitement of this evolving industry.



