HOTEL MANAGEMENT

Leadership changes at Carlson Hotels point to a new start and direction

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The Radisson Blu Hotel, Paris-Boulogne

PHOENIX — Fluidity best describes Carlson Hotels' year, but expectations are that the changes will lead to a more focused company with global goals and a global strategy for achieving them.

Last December, Chinese travel conglomerate HNA Group closed on the acquisition of Carlson Hotels, and after some stops and starts finally settled on who will lead the company. Federico González Tejera, who was first tapped as CEO of Carlson Hotels in January, subsequently left to become CEO of Rezidor, which, according to Rezidor's October Ownership Summary, is now 67.4-percent owned by HNA. Meanwhile, John Kidd, the former president and COO of HNA Hospitality Group, is now CEO of Carlson Hotels.

Changes were made elsewhere, too. A dramatic reorganization transpired in the Americas, where, in June, Ken Greene, the former CEO of Delta Hotels & Resorts, was named president of the Americas for Carlson Rezidor Hotel Group. From there, Terry Sanders was brought in as chief development officer for the Americas and Charles McKee was appointed chief commercial officer. In November, Mark Williams and Dinesh Chandiramani were hired as VPs of development, with responsibilities for the Eastern and Western regions, respectively.

According to Greene, who was huddled with his fresh, new team here during The Lodging Conference, at the Arizona Biltmore, he would not have taken the position if not for the company's new owner. "The reason I joined Carlson is because of HNA," he told HOTEL MANAGEMENT. "If they had not acquired Carlson, I would not be here. They're the real deal."

They'll have to be to help kickstart Carlson's brands in North America, with a particular emphasis on further exportation of Carlson's well-known-outside-North-America Radisson Blu brand to the U.S. There are currently only three Blu-branded hotels in the U.S. (Bloomington, Minn., Minneapolis and Chicago) with the bulk, some 400 other hotels, spread throughout Europe, the Middle East, Asia-Pacific, Africa and South America.

"Blu is key to us," Greene said. "They're billboard, and we want them in key markets, like Manhattan, San Francisco, Los Angeles, Miami and Dallas. We want to have the right product in the right location, with the right owner. And we'll spend to do that."

That goes the same for Radisson Red, a millennial-minded lifestyle brand with only one property thus far in the U.S., in Minneapolis, three open in Europe, Brazil and South Africa (Brussels, Campinas and Cape Town) and properties slated to open next year in Glasgow, Portland, Ore., and Miami Airport. "We've got the cost per key down to about $115,000, so from a developer perspective, it's a compelling proposition. We're looking for portfolio deals, so a couple players that might develop 10 or 12 of them in key market places. I think that's the way to grow Red," Greene said, adding that for Red, they would manage or franchise, while Blu, for the time being, is a pure management play.

On Carlson's core brand, Radisson, Greene admits that it has fallen a bit into neglect. "I look at Radisson very similarly to what I just did at Delta [Hotels]," he said. "It's sort of the same game: an older, great brand, but with not a lot of investment."

A refresh of Radisson is on its way, Greene said, with new design prototypes being mocked up now and to be unveiled next month. Greene said Carlson is renovating all its leased Radisson properties, and the new design prototype will be officially unveiled at its global conference in April. New prototypes are also promised for Radisson Red and Park Inn.

Two, Not One

Greene referred to Carlson Rezidor as one company but with bifurcated businesses. On one hand, there was development of the Radisson and Country Inns & Suites brands in the U.S., while the focus overseas has been on Blu and Park Inn. "It was like two different companies with separate sets of brands," Greene said. "Now we have one big strategy; one where we'll bring Blu into this part of the world in a big way."

Carlson will be doing so under a new name, soon. There is confirmation that Carlson Hotels will be dropped in favor of a new company name, conjecture being that the Carlson moniker will be replaced by Carlson's flagship Radisson brand. The official change will be announced in the first quarter of 2018, but Greene is already talking about why it matters.

"Getting the right structure in place is key," he said, " and we just went through a lot of pain to get it right."

He said that part of the problem stemmed from having too many cooks in the kitchen, to borrow an expression. "We've been going to market with a full-service team, a limited-service team, so two different structures, and two different ways of doing business," he said. For example, an owner of a Radisson and a Country Inns & Suites dealt with different people; there was different tracking. "Crazy stuff," Greene called it. "We're trying to become a flatter organization. I don't think there should be any more than two or three layers between me and the field. We should be accessible to our owners."

HNA Power

HNA, unlike some China-based non-travel-endemic companies that have lately made large investments in hospitality, is a legacy travel and tourism company; founded in 2000, it owns Hainan Airlines and has significant stakes in both Hilton and Red Lion Hotels Corporation.

Greene says that makes it the ideal new owner, mentioning that HNA would not be hesitant to spend its own capital to source and secure deals in the U.S., the potential of signing lease arrangements, an historical European model, as a means for growth.

"We're willing to get out of the box and do things that others just can't," he said. "We're a private company over here, and we don't live by the quarter. We're owned by a Chinese company that wants to be a global player. They don't want to be a Chinese company that just owns foreign entities." (Carlson's Rezidor arm is a publicly listed company in Sweden, trading on the Stockholm Stock Exchange.)

HNA's ability to grow as a global player, in part because HNA has so many travel touch points in its quiver, is something Greene points to as untapped potential. "From a loyalty perspective, for instance, and all the things that they bring to the table in terms of airports and currency exchange and duty-free shops. What we could do in terms of leveraging off the relationships with the sister companies that HNA owns is pretty powerful," he said.

Since HNA is a recognized Chinese company, we asked Greene if there was room for a Chinese-traveler-focused brand in Carlson's portfolio, similar to IHG's Hualuxe brand, which is specifically tailored toward Chinese travelers. While Greene stopped short of saying that the company would develop such a brand, he did offer that existing brands could become more cognizant of the Chinese traveler and "implement things that would cater to these travelers."

And while hotel companies always have their eyes peeled on growth opportunities, Greene is not tempted to go out and make an acquisition of another brand, but to grow organically. For instance, there are Radisson Blu hotels in Europe that are complemented by a serviced-apartment addition. That is an approach he'd like to pursue in the U.S. as the brand takes scale.

However, with the HNA engine behind it now, Greene said anything is possible. "HNA has said we're a strategic piece of their company, and if there are acquisitions that would make sense, they'd entertain those," he said.

Chinese companies have come under fire of late for deploying capital outside the country. There are news reports citing the potential of Anbang, the owner of the Waldorf Astoria in New York and a $5.5-billion Strategic Hotels portfolio, having to potentially divest of its assets. This coming amid a whirlwind of arrests in Saudi Arabia, with one being Prince Alwaleed bin Talal, whose Kingdom Holding Co. is co-owner of Four Seasons Hotels and New York’s Plaza Hotel.

Greene, for his part, is unfazed, calling HNA a different type of company, and one that continues to get deals done, despite the glut of press and noise from Beijing. HNA recently acquired the second-largest airports in Brazil and Germany.

With time spent at Wyndham and Marriott, Greene is recharged over the prospects of Carlson, an organization he now says is fully aligned and 100-percent focused on its owners and franchisees, something he said can be overlooked. "Hotel brands are successful because they have great owners that represent their brands extremely well," Green said. "A lot of them started to feel like a number—that the relationship had been lost.

"We want to go back to the roots of hospitality and start to redevelop the relationships with owners. We think it's really important. It's great to have scale, but you shouldn't use that scale as a penalty for the owners that got you there. You're only as good as your worst property."