

# Comparison between the fairmont and the four seasons hotels essay samples

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## Introduction

This paper presents an analysis of the similarities and differences between the Fairmont and the Four Seasons groups of hotels. Accordingly, the paper compares the historical development of the two hotel chains presenting challenges and triumphs that the groups were faced with. Further, the comparison also delves into the differences and commonalities in the management of the operations of the two hotel chains. Later, the paper also discussed the ownership of the hotel chains drawing similarities and differences in each case. Primarily, the paper provides a detailed comparison and contrast of the Fairmont and Four Seasons chains of hotels.

## History

There are several similarities between the development of The Fairmont and that of The Four Seasons group of hotels. Foremost, both hotels were established in the 19th century, the Fairmont was the first of the two to be founded in 1907 (FRHI) while the Four Seasons was founded much later in 1961 (Segal). The Four Seasons is a Canadian company with its headquarters in Toronto. The Four Seasons was founded by Canadians Isadore Sharp and Murray Koffler in 1961. It has operations within Canada as well as in other major destinations around the world (Segal). The Fairmont shares this similarity with the Four Seasons given that the Fairmont is as well a Canadian-based company that was founded by Canadian couple Tessie and Virginia Fair. Just like the Four Seasons, the Fairmont has its headquarters in Canada although it runs operations in nineteen destinations all over the world (FRHI). Hence, historically both the Fairmont and the Four Seasons

were founded as local companies in Canada which have since grown to begin operations in several parts of the world that include; The United States of America, China, India, South Africa, and Switzerland etcetera.

However, the first Fairmont hotel which bore the brand name of the Fairmont Hotel was based in the United States of America in the City of San Francisco. The 1960s saw the hotel grow and develop a chain of luxury hotels in the United States leading up to the sale of the hotels group to Canadian Pacific hotels and Resorts in 1999 (FRHI). The hotel exchanged hands again in 2006 where it was sold to Colony Capital, LLC and Saudi Arabia's Kingdom Hotels International for \$3.9 billion USD. This sale sealed the deal for the Fairmont to join the Raffles Hotels and Resorts forming the Fairmont Raffles Hotels & Resorts International (FRHI).

On the other hand, the Four Seasons has for a long time remained under the ownership and operations by its founders. Nonetheless, the Four Seasons has through history had its fair share of financial difficulties. The height of its challenges was the Global Financial Crisis that was characteristic of the 2007 - 2008 financial periods. However, the September 11, 2001 terrorist attack on the United States also had financial implication on the hospitality industry which also negatively affected the books of the Four Seasons. After the global financial crisis hit, the company considered sale where it was jointly bought by Microsoft's founder and CEO Bill Gates and Prince Al-Waleed bin Tala of Saudi Arabia. The two own equal portions of the company that in total accounts for 95% of the company. Sharp who remains as the founder of the company only owns the remaining five percent of the company. Currently, as earlier mentioned the Four Seasons operates under the ownership of

Cascade Investments Kingdom Holding Company, it has over 37 000 employees the world over and is estimated to generate an average of \$3. 7 billion USD annually (Oliver).

## **Management**

A comparison between the management of the Fairmont as compared to that of the Four Seasons reveals that there are marked differences. The Four Seasons, for instance, operated in a service-oriented approach that is quite unique from what the Fairmont is accustomed to. In this regard, the Four Seasons unlike the Fairmont does not own properties in which it operates. The Four Seasons enters into contracts with property owners and developers in which the hotel's management is granted total control over all aspects of operations on the facility. The arrangement is such that Four Seasons earns 3 percent of the gross income and approximately five percent of the profits generated from the facilities that it manages. Hence, through this approach, the company has been able to cut down on the necessities related to the development of properties in order to start and develop their operations. As a result, the firm can maintain its competitiveness in the hospitality industry. Apart from the operations arrangements, the company is run by a management board consisting of executive heads of operations in different locations. Nonetheless, all the heads are answerable to the president and CEO of the company J. Allen Smith (Segal).

In contrast to the Four Seasons, the management of the Fairmont is particular about properties acquisitions and ownership. Incidentally, the Fairmont since its inception has been on a journey of developing and

acquiring properties from different regions around the world. Currently operating under the umbrella name Fairmont Raffles hotels & Resorts International (FRHI), the Fairmont has grown to purchase various buildings in London, Montreal, Toronto, Ottawa, Vancouver, Bermuda and Winnipeg amongst other destinations around the world. Although the company has been sold into FRHI group of companies, its individual operations from the group remain independent. Therefore, the Fairmont has been able to expand its operations worldwide stretching its territories through the acquisition of properties the world over. The management of the Fairmont is committed to the client's welfare as well as that of its employee. For this reason, the Fairmont was named one of Canada's Top 100 employers in 2008, an acknowledgment stemming from the fact that the hotel is a pace setter in the hospitality industry worldwide. Further, the acknowledgement also puts Canada on the world map given that the Fairmont is based in the country with operations in different key destinations the world over (FRHI).

## **Ownership**

The ownership of the Fairmont group of hotels compares with that of Four Seasons presenting various similarities between the two. For instance, the companies were both founded by Canadian nationals who ensured that the companies' headquarters were established in Canada. Further, both companies have undergone a series of acquisitions by different entities over the 19th century leading up to the current time. The Fairmont has been sold severally to various entities due to financial challenges here and there and is now owned by the Fairmont Raffles Hotels & Resorts International group of

companies. The company is however independent to run its operations without interference from the other entities in the FRHRI group of companies. Despite the new ownership of the firm, the founders of the company still claim substantive influence over the operations of the company that has been passed down the family generation. Nonetheless, the company is professionally operated by an appointed chief executive by the name William R. Fatt, who is tasked with the responsibility of management of the operations of the chain of hotels (FRHI).

On the other hand, the Four Seasons has also changed hands from one organization to another over the years due to the same reasons as the Fairmont attributable to financial difficulties. Currently though, the Four Seasons is owned by the Cascade Investment Kingdom Holding Company Triples Holding. In this respect, up to 95% of the shares in the Four Seasons are equally owned by Bill Gates, founder of Microsoft and Prince Al-Waleed bin Tala of Saudi Arabia. The remainder 5% is still owned by the founder of the company Isadore Sharp. The company's operations as earlier mentioned are run through a management board with heads of operations appointed and stationed to manage various properties of the company in different regions of the world. All the heads from different parts of the world are answerable to the president and chief executive of the company J. Allen Smith (Oliver).

## **Summary**

The paper has presented a detailed analysis of the profiles of two major conglomerates in the hospitality industry. In particular, the paper has

discussed the differences and the similarities between the Fairmont and the Four Seasons group of hotels. Foremost, the comparison analyzed the historical development of the two groups of hotels. In this regard, the comparison found that the hotels have a lot in common in regards to their historical development. For instance, both groups of hotels were founded by Canadian nationals and both groups also had their headquarters in Canada. Further, the hotels developed to establish an international presence in both cases. Both the Fairmont and the Four Seasons expanded their operations into the United States as an entry point to the international market. In both cases also, after establishing ground in the United States, the hotels developed extensions into other destinations around the world as well. Secondly, the history of the two groups of hotels also reveals financial challenges in both cases. The challenges led to various acquisitions and sales of the company's shares that are detailed in the ownership section of the discussion.

The second section of the comparison delved into matters management while the last part discussed the implications of the companies' sale and acquisitions to their ownership. On the former, the comparison reveals that the Fairmont group of hotels has adopted a lean approach to maintaining its profitability, competitiveness and relevance in the hospitality industry. In this respect, the comparison finds that the Fairmont is managed through operations management of various properties that are neither built nor owned by the Fairmont. On the other hand, the Four Seasons owns all the properties that it operates in emphasizing on expansion through the acquisition of buildings and facilities. Regardless of this contrast, both hotels

have a management structure where heads of operations in different locations of the world answer to the chief executive based at the headquarters in Canada. Ultimately, the paper is a comprehensive analysis of the differences and similarities between the operations of the Fairmont and Four Seasons groups of hotels. The comparison is specifically based on the history of the companies, their management and ownership as presented.

## **Works Cited**

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