



KEYNOTE ADDRESS



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**HOW TO CREATE A GREAT  
WORKPLACE ANYWHERE IN  
THE WORLD**

2006 Great Place to Work® Conference

Keynote address by

**Isadore Sharp**

*Founder and CEO*

*Four Seasons Hotels and Resorts*



April 7, 2006 • Boston





## How to Create a Great Workplace Anywhere in the World

Isadore Sharp, Founder and CEO • Four Seasons Hotels and Resorts

Great Place to Work® Institute held its fourth annual conference in Boston, MA in April 2006, an inspiring and educational event during which over 700 workplace leaders had the opportunity to learn from seven CEO's of Fortune's "100 Best Companies to Work for"® along with over thirty executive and VP-level leaders of the "100 Best" and the "Best Small & Medium" companies to work for.

A strong belief in employees as the foundation of corporate success was a theme at this year's conference. In addition to Mr. Sharp's remarks, Bill Greehey, CEO of Valero Energy, discussed "culture as a competitive advantage;" Dan Amos, CEO of Aflac, spoke of Aflac's adage "if you take care of the people, the business will take care of itself." These leaders and others revealed the success their companies have experienced by putting people first, as measured by financial returns, stock prices, turnover, and other measures.

Many top leaders of the Best Companies to Work for, like these, stand firmly behind this belief that competitive advantage lies in fully investing in people. The investment is not just a financial one (nor is it mainly comprised of creating lists of exceptional perks and benefits). The secret lies in building trusting relationships with employees – a commitment that comes from the top and makes its way into the cultural fabric of the organization. At Four Seasons, leaders have found a strong competitive edge in the level of service provided by employees at the front line. These front line employees, as Sharp points out, "are in too many companies often the least motivated," though they are the company's most visible face to the customer.

We are pleased to share the full transcript of the keynote address presented by Isadore Sharp, Founder and Chief Executive Officer of Four Seasons Hotels and Resorts. Mr. Sharp's remarks embody the spirit behind the company's remarkable success and the Credibility, Respect, Fairness, Pride and Camaraderie that we continue to observe in the world's best workplaces.

The 2007 Great Place to Work® Conference will take place April 18-20, 2007 in Los Angeles and will mark the 10-year anniversary of the primary list we create, Fortune's "100 Best Companies to Work for"®.

Please visit [www.greatplacetowork-conference.com](http://www.greatplacetowork-conference.com) for details and to register.

## About Four Seasons:

Four Seasons is a leading luxury brand currently operating 70 hotels and resorts in 31 countries. The company is well known for top-notch service and luxury, and has received numerous accolades for its success since its founding in Toronto in 1961. In 2006 (and for each of the past 21 years) Four Seasons received more AAA Five Diamond awards than any other hotel company and was named Top International Hotel Chain by the Zagat Survey. Four Seasons Hotels and Resorts has appeared on every "100 Best Companies to Work for"® in America list (produced by Great Place to Work® Institute and published in Fortune Magazine) since the list's inception in 1998, and has also appeared on Institute-produced Best Companies lists in Ireland and Italy.

The service culture at Four Seasons experienced by both guests and employees is a key contributor to the company's success. As expressed by Isadore Sharp, the company's founder and Chief Executive Officer, "We treat our employees with the same level of respect that they in turn give our guests. This, combined with managing rather than owning hotels, has long been the foundation of the company's philosophy, and the driving force behind its success."<sup>1</sup>

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<sup>1</sup> [http://www.fourseasons.com/about\\_us/about\\_us\\_10.html](http://www.fourseasons.com/about_us/about_us_10.html),  
May 10, 2006



# How to Create a Great Workplace Anywhere in the World

Keynote address by Isadore Sharp

Great Place to Work® Conference • April 6, 2006 • Boston

Ladies and gentlemen:

It's a pleasure to address you today on a subject being finally recognized as the primary necessity for success in almost every industry. As an astute American broadcaster, Edward R. Murrow, once said, "The obscure we eventually see, the completely obvious takes longer."

He wasn't joking. I remember an American study of 3000 firms some fifteen years ago. And it compared the top service providers with companies where service is a weakness. The service leaders had double the growth rate and twelve times the return on sales.

Superior customer service has always paid off. But now it's become an essential of survival in every field. International rivalry will make product quality a given. Already competing airlines fly similar planes to the same airports. And most companies around the world produce TV sets of comparable quality.

And that's what's happening in most industry sectors. As products mature, technology brings parity. Giving companies that excel in delivering service a crucial advantage in the one essential precondition of growth, and that is, picking up new customers while keeping the ones they've got.

There is certainly no mystery about how to keep customers and get new ones. What is so strange, is why so many companies that won't spend what it takes to keep their established customers will spend five times as much to find new ones.

At Four Seasons we believe that if we give our customers value our customers will give us a profit. And that has been proven over time.

The essential question then was: "What did our customers consider as top value?" In our case, market research said it was luxury. But luxury is more than elegant surroundings and gourmet meals. It's not just something you build in, it's a feeling you have to induce.

When we looked closely, it became clear that the greatest luxury for our customer was time. And service could help them make the most of that. Give them greater productivity and greater enjoyment.

Consistent, reliable service with a personal touch. We weren't just selling customer facilities, we were selling customer effectiveness. What better luxury could there be?

Of course, designing service to help busy people make the most of their precious time can be challenging

Because we can't pre-check it or sample it - production and consumption are simultaneous. Those few moments of service delivery are a company's make-or-break point, when reputation is either confirmed or denied. And the outcome in our industry normally depends on front line employees: doormen, bellmen, waiters, maids - the lowest-paid people, and often, in too many companies, the least motivated.

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These front-line employees represent our product to our customers. In the most realistic sense, they are the product, its personal component. So to win or even survive the coming service battles, customer satisfaction must be everybody's business. As every sports fan knows, any team that plays short-handed will surely lose the game.



To be at the top of our game at Four Seasons, we have to get service standards down to the bottom of the pyramid, by far the hardest job in everyday management. And that process begins for us with our hiring policy. Most companies hire for experience and appearance, how the applicants fit the company image. We hire for attitude. We want people who like other people and are, therefore, more motivated to serve them. Competence we can teach. Attitude is ingrained.

When we opened the Four Seasons George V in Paris we interviewed 12,000 applicants for 350 jobs, each applicant four or five times, and the last time with the General Manager. A rigorous, highly selective, expensive procedure, but minor compared with the cost of struggling for years to change habits that come with ingrained poor attitudes.

But attitudes can change in the wrong environment, now known globally as the corporate culture. And since environment is the major determinant of behaviour, culture is either an asset or a liability, a disincentive to work or a company's motivating force - depending on whether or not it gives employees what they want.

And surveys in North America show that most managers believe that what employees want most is job security and competitive pay. But job security is currently tentative, and while salary is certainly a consideration, other things matter much more.

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But polls of employees taken recently for Fortune's annual listing of the “100 Best Companies To Work For”<sup>®</sup> in America find that employees in these firms value, primarily, three things. First, to work for leaders who demand and inspire their best. Second, a physical environment that makes work enjoyable. And third, a sense of purpose, and a feeling they're working for more than a pay cheque. That they're helping build a company that they can take pride in. In short, some daily meaning along with their daily bread.

Great companies are like armies, which fight for a common purpose, creating a sense of unity and belonging that breeds teamwork. We may live in a work-world of reason, intensified by technology, but every customer perception, every employee response, is governed by feelings and beliefs. And when employees feel their future is linked to that of a company whose values they share, it inspires belief in, and commitment to, that company's success.

In every area, we push down responsibility, from head office to our general managers, to department heads to our frontline, to the hourly-rated employees to whom we give authority to make most decisions they feel are needed to satisfy guests.

We treat these frontline people as members of an elite team. We set challenging goals. You don't want a complacent “good enough” attitude creeping in as it so often does.

And that's why, early on, I told our managers that 99 percent in terms of guest satisfaction is not good enough. “Mr. Sharp,” they said, “you're asking for the impossible. Something goes wrong in our hotels every day that we can't control.”

And I said, “You're absolutely right. That happens, but that's not what I'm talking about.”

We had about 20 hotels then, each accommodating about a thousand guests a day. “If one percent of those people are dissatisfied,” I said, “statistics show that each of them, in conversation with friends, will complain on average to 10 others. That could negatively impact more than one million people a year, a huge potential loss. So the question is, what do we do about it?”



What we did was set a goal of zero mistakes. Inevitably, of course, mistakes occur. But by trusting our employees to use their common sense, and by making a sincere effort to help - and I emphasize sincere - you can turn mishaps into new service opportunities. Then, what the customer remembers is not the complaint but the outcome. And in that sense we usually achieve a 100-percent performance and customer defections are rare.

Managers addicted to labour control have long claimed that high standards frustrate and dishearten employees. But in our experience, performance rises to meet expectations. The resultant customer satisfaction boosts confidence and self-esteem. And living up to that growing self-image keeps raising performance levels. That's what distinguishes leaders from managers. Managers can get people to do what they're told. Leaders get people to want to do whatever should be done.

Our managers are less bosses than mentors and communicators. Their role is to bring out each individual's best, weld them into a winning team. By being up-front and open. Letting people know how they're doing. And by being accessible and visible.

And communication is crucial. For employees to act on their own initiative, they have to know our priorities. And we have to know what our customers are saying to them. We have to recognize their contributions and listen to them consistently.

Because employees also want their contributions recognized. They want to know that what they're doing is useful and meaningful. Accomplishment gives us pride, along with enthusiasm, assurance and the motivation and ability to live up to our self-image.

And we nourish these feelings by giving employees feedback.

Because performance, to be repeated, must be recognized.

We pay as much attention to employee complaints as to guest complaints. We upgrade employee facilities whenever we upgrade a hotel. Disallow class distinction in cafeterias and parking lots. Establish career paths and promotion from within. And we augment the physical atmosphere with a wide range of benefits. As one employee quoted by Fortune puts it, a little exuberantly perhaps: "Great pay, great perks, great food.... I'm treated like a five-diamond hotel guest."

As I mentioned, we had always had an implicit operating philosophy. So in 1982, as we expanded, I decided to make it explicit.

Spell out our goals, our beliefs and values. Tell everyone how to act. Give us a reference point from which to ask: "Does this deal, this decision, this action, square with our values?"

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***"We pay as much attention to employee complaints as to guest complaints."***

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I tried to put this into a few words and took it to our senior people. Some scoffed, called it trite and unnecessary. Some agreed, but only in principle, implying no intention of acting it out.

That bothered me. So I sat down with our public relations director and detailed a formal credo based on the Golden Rule. The cornerstone of what would later be called our corporate culture. In essence, to treat others - all others: customers, employees, partners, suppliers - as we ourselves would want to be treated.

There was nothing new about this, of course. Even back then, such credos were common - though seldom believed. What was new was that we enforced it. Senior managers who couldn't or wouldn't walk the talk were all winnowed out within a few years.

It was a painful process, personally distressing. Perhaps the hardest thing I ever did. But the fastest way for management to destroy its credibility is to say employees come first and to be seen putting them last. Better not profess any values than not live up to them.

Now conceiving a vision and strategy is relatively easy. The hard part was selling it. Getting it down to all levels of employees.



That became my task, and it continues today. I became an evangelist, preaching the gospel of service every day and on every trip to every hotel. Continuously restating it. Developing it. Reinforcing it by rewarding and celebrating outstanding performance. Focusing employees at every level on one priority: giving customers added value through service.

And that's the way it has to be. To change bottom-level attitudes you have to start at the top. Your colleagues are either with you or against you. They're either your strongest supporters or worst saboteurs. We all know that as managers we live in a glass house, every action watched and discussed on the company grapevine. If we're seen showing greater concern for power, prestige, and costs, instead of for the customer and the values we profess, then we forfeit belief and trust, along with our goal of being the best. Because employees won't commit themselves to a company they don't believe in and we can't communicate across a trust gap.

Trust is the unseen and too-often neglected determinant of corporate success. It's the emotional capital of leadership. Building community spirit, certifying communication, fostering teamwork. It's the essence of the brand-name, and a synonym for customer loyalty. It's the sum of our reputation, turning one-time deals into long-term relationships. And relationships are essentially what business is all about.

That's the ultimate secret of service success: acting out the values encoded in the Golden Rule, the most profound behavioural statement ever made. A universal principle compressed to one simple sentence.

We've yet to go into a country, undeveloped or sophisticated, where upholding the Golden Rule hasn't brought employees on side. For example, we went into Maui in Hawaii when relevant employees were scarce, and we signed up a lot of labourers from the sugarcane and pineapple fields, workers carefully screened for positive attitudes. And within a year they made Four Seasons Maui number one in the island. And every year that service culture grows stronger. We see the effect every day in every hotel. Employees develop a camaraderie that deepens year by year, creating a sense of community that makes cooperation the norm.

This growing strength was illustrated more profoundly than any of us could have imagined during the tsunami crisis in Southeast Asia. When the wave approached and struck our hotel in the Maldives, each employee acted intuitively to ensure the comfort and safety of our guests and each other. They did everything they could think of to ease minds and calm nerves and some were even credited with saving lives. Within 24 hours they evacuated the island and chartered a plane that flew every guest to safety.

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***“Trust is the unseen and too-often neglected determinant of corporate success. It's the emotional capital of leadership.”***

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Following the tsunami there was an out-pouring of gratitude from guests who had been saved. One wrote, and I quote, 'Let me stress that your group's strength....rests on rock.... made up of the local employees who, while having been selected for doing their job well, have shown in a time of utmost crisis a level of dedication that no training and no amount of money can ever generate.'

Clearly, our employees' actions that day touched our guests in ways they will never forget.

What they accomplished in the midst of adversity may sound extraordinary, but I suspect any of our employees around the world would act with the same dignity and grace.

And equally, any company determined to nurture the full potential of every willing worker from top to bottom, can tap a unique source of leadership and success for the 21st Century.

And that is what we have learned over 45 years of business at Four Seasons.

Thank you.

## About Isadore Sharp

Isadore (“Issy”) Sharp founded Four Seasons in 1960 with the opening of the first Four Seasons hotel on Jarvis Street in downtown Toronto. After a decade of trial and refinement Mr. Sharp created a the vision that today has made Four Seasons the leading luxury hotel operator exclusively focused on mid-size luxury hotels and resorts of exceptional quality. Four Seasons creates properties of enduring value using superior design and finishes, and supports them with a deeply instilled ethic of personal service. Doing so allows Four Seasons to satisfy the needs and tastes of discriminating customers, and to maintain its position as the world’s premier luxury hospitality company.

The educational background of Isadore Sharp combined with his design and construction expertise, his single focus on satisfying the customer and his leadership skills have allowed him to attract the capital sources and a loyal employee base to create the largest luxury hotel management company in the world.

Four Seasons has appeared on every “100 Best Companies to Work for”® in America list, and has appeared on Institute-produced Best Companies lists in Ireland and Italy.

## For more information

- To learn more about our yearly **Great Place to Work® Conference**, drawing together business leaders from who are committed to creating great workplaces: [www.greatplacetowork-conference.com](http://www.greatplacetowork-conference.com) or email Leslie Caccamese at [conference@greatplacetowork.com](mailto:conference@greatplacetowork.com). The 2007 Conference will take place April 18-20, 2007, in Los Angeles.
- To learn more about measuring and benchmarking your workplace, or individualized advisory through Institute **Consulting Services**: contact Meghan Johle at 302-575-1900 x104, [mjohle@greatplacetowork.com](mailto:mjohle@greatplacetowork.com).
- To apply for or learn more about our **Best Companies lists**, including *Fortune*’s “100 Best Companies to Work for”® and the “Best Small & Medium Companies to Work for in America” (published in HR Magazine): contact Katie Popp at [bestcompanies@greatplacetowork.com](mailto:bestcompanies@greatplacetowork.com).

## About Great Place to Work® Institute

**Great Place to Work® Institute, Inc.** is a global research and consulting firm dedicated to “building a better society by helping companies transform their workplaces.” Through its education, consulting and best companies list activities, Great Place to Work® Institute recognizes the world’s best workplaces and provides information and advisory services to those who seek to create great workplaces of their own. Great Place to Work® Institute works with FORTUNE magazine, HR Magazine and other leading publications in 28 countries around the world to publish and recognize the “Best Companies to Work for.” In addition to its global headquarters in San Francisco, Great Place to Work® Institute has 28 affiliates in countries throughout North America, South America, Europe and Asia. [www.greatplacetowork.com](http://www.greatplacetowork.com)

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