



3,300 Hotels in Nearly 100 Countries

An Interview with Richard North, Chief Executive Officer, Six Continents Hotels, Inc., and Group Finance Director, Six Continents PLC, London



EDITORS' NOTE With Six Continents PLC since 1994 and already group finance director of Six Continents PLC as well as chairman of Britvic Soft Drinks, North assumed the additional post of CEO of Six Continents Hotels, Inc., in October 2002. He was educated at Marlborough College and Sidney Sussex College, Cambridge in England.



Richard North

COMPANY BRIEF Six Continents Hotels, Inc., the hospitality division of London-based Six Continents PLC (NYSE: SXC), owns, manages, or franchises more than 3,300 hotels in nearly 100 countries, specializing in mid-scale and upscale international brands, including Holiday Inn and InterContinental. Six Continents PLC sold its brewery interests in 2000 and over the past five years has focused on two principal businesses: its hotels and its restaurants, pubs, and bars. In 2002, Six Continents Hotels reported turnover of \$2.262 billion and recently announced plans to separate the businesses into two separately listed companies. Following a proposed demerger, which is slated for mid-April 2003, Six Continents Hotels will be known as InterContinental Hotel Group.

Do you have the right brand mix to reach all potential clients?

We have a great spread, haven't we? We have the upscale segment with InterContinental, and then comes Crowne Plaza. In the midscale market, we have Holiday Inn and Holiday Inn Express, full service and limited service, and indeed Staybridge Suites. I'm very happy with our current portfolio, and we'll continue to enhance and strengthen each of our brands. One of the key elements of our strategy is to build strong, highly differentiated brands that consumers prefer. Fortunately, that's what we have. I'm committed to driving these brands forward, as we have great plans for each one of them.

Are there emerging markets in which you'll launch new properties?

Our emphasis, obviously, is on fran-

chising and management contracts, as opposed to using our own capital. That said, there are a few markets where we would be interested in investing. At the same time, we hold a lot of assets in unnecessary markets, so we'll be looking to release funds through the sale of such assets.

Are spa and fitness services important?

It's very much a feature of what we're seeking to do. As part of the reshaping of InterContinental, we're now offering 24-hour gym access, room service, and business-center capabilities. The InterContinental Hong Kong, for example, has one of the finest spas of any hotel in the world.

Could technology detract from the people side of the business?

Fundamentally, we're a service business, so I don't see it all becoming electronic. However, you can certainly use technology to improve your service. In fact, last year we launched Holidex Plus, our new, high-tech central reservations system.

Is Internet booking important to your hotels, even the luxury brands?

Although it's obviously stronger in the low-end market, over the past seven years, on-line booking has taken off, and it's continuing to grow. In fact, last year our Internet bookings rose some 80 percent to 4.5 million room nights. We were the first hotel company to launch the lowest Internet Rate Guarantee, which we did in May 2002. As a result, our revenue growth doubled the market's.

Are you optimistic about 2003?

We won't rely on the economy to give us growth over the next 12 months. If we did that, life in 2003 won't be much better than it was in 2002. Instead, we'll improve the operational efficiency of the business. We've built programs around sales and marketing to gain market share, and we'll begin reaping the rewards of our recent refurbishment programs. So we have many reasons to be confident going forward.

How do you define your role?

At the end of the day, the CEO sets

standards through his values, and he works with the team to get the strategy right. He or she ensures that the best people are working at his or her organization, which is absolutely crucial, and the CEO energizes the people in the organization to achieve the target set. The CEO ensures that the organization is executing and achieving.

I don't think chief executives can ever spend too much time motivating their people. As a leader, you have to communicate effectively with your people and, in turn, allow them to communicate with you.

How important is the executive-management team to your success?

It's vital that the very best people are in key roles at the top of the organization. Just look at how our Americas organization has evolved under the leadership of Stevan Porter [president, the Americas]. I'm proud of the strength of that team.

Have the analysts well understood your vision?

Going forward, I hope they'll have a much better feel for what we're trying to do and how we'll create real value for our shareholders. Part of our demerger was a major three-week marketing campaign covering Europe and the United States, which we just completed in March. I'll be very disappointed if, after that campaign, neither the buy- and sell-side analysts understand the passion and strategy I have for this business, and what we can do with it. I'll also be disappointed if they don't understand that we have the best hotel-industry management team in the world. So the challenge ahead of me lies in getting the financial community to understand these things, but over time I'm confident they will.

If interviewed a year from now, what topics would you highlight?

I will have moved on from improving the operational efficiency of the business. The reorganization will be embedded and will be working well. I hope I'll be able to say that we have truly become an organization that executes – that puts all of its emphasis on A, B, C, and D. Of course, I can't reveal what A, B, C, and D are. You'll have to wait until next year. ●

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