

CAPITALIZING ON THE POSITIVES AMIDST CALAMITIES

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DEPUTY CEO & CHIEF OPERATING OFFICER
CINNAMON HOTELS AND RESORTS



Could you give an overview of Cinnamon Hotels and Resorts and your current role in the organization as its Chief Operating Officer?

Cinnamon Hotels is a part of the John Keells Group which is one of the largest conglomerates in the country. Cinnamon Hotels was established in 2005 but John Keells as a group had been operating hotels prior to that under different names.

We currently have 15 hotels; 11 in Sri Lanka of which 8 are resorts and 3 are city hotels based in Colombo, and 4 resorts in Maldives, employing more than 4000 people.

My role as the COO, is to provide

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leadership to the hotel operations teams who are led by the respective GMs in the 15 properties. In addition to this, I overlook the functions of Quality Assurance, Sustainability, Compliance, Engineering & Projects, Nature trails our experiential unit and IT. As the Deputy CEO I have added responsibility in overall strategic direction of the organization where I work closely with other verticals of the business such as commercial, HR, finance and development with the CEO.

Has the persisting economic situation in the country had an impact on the Cinnamon Hotel's progression in the short run?



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The last 3 years have been a difficult period for the Sri Lankan tourism. However, the Maldivian tourism industry recovered early during the Covid-19 pandemic and the performance of our properties there have been quite good. In Sri Lanka the challenge has been different. I think arrivals wise tourists had just started to come in numbers only during last December. January, February and March our occupancy improved a lot leading into April.

In the very short-term power cuts, gas shortages and other similar constraints have an adverse impact. However, until now we have been working well with our partners to find solutions in these tough times to operate without any disruptions. We saw arrival numbers dip in April and is expected to reduce further in May and June due to the uncertainties in

the country. we will have to operationally adjust as the rest of the country during the next couple of months.

But we are hopeful that the numbers will go up in the medium term. we should bounce back fast if things stabilize, as global demand is growing especially in the region and our arrivals should grow fast as our base numbers were low compared to other global destinations.

Have you had to take any considerable measures from a business standpoint to navigate through the current economic environment or are you operating businesses as normal?

With tourist arrivals expected to drop further due to the macro-economic crisis, we are bracing ourselves for another lean period of operation. Over the last 2 years our challenge was bigger because Covid resulted in zero arrivals and zero business and we had over 4000 staff to maintain with zero revenue. We stayed optimistic and decided to hold on to our talent and made sure that we are ready to take advantage when business comes back.

I think the current challenge is different and for us the with the Sri Lankan rupee depreciating as an exporter is beneficial. But we need to have tourist arriving for us to benefit, and as a country we need to resolve a the bigger issues around stabilizing the economy first for this to happen.



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Would the Sri Lankan currency being allowed to 'free float' have a positive impact on the tourism industry's revenue maximization potential in the short run?

It will have a positive impact on the revenue if the tourists keep arriving. During the last 3 years we had to bear a lot of costs and losses to maintain operations. Therefore, it has not been a major source of revenue recovery for us as of yet. But if we are to take advantage of the exchange rate the tourist arrival

numbers need to keep on improving considerably. I think for that to take place the most vital factor is the stability in the country. If there are riots, protests, fuel queues, more tourists will question themselves before deciding to come to our country. That is the danger and if this negative publicity keeps on going then it will take longer to recover.

Many people are banking on the tourism industry to play a pivotal role in the country's road to economic recovery. In

this case what do you think is the role that Organizations like Cinnamon Hotels have to play in order to aid the local tourism industry?

I think tourism is one of the key industries for the country. Export industries in general will have to play a big role in this recovery process. As a country we have strategic advantage in focusing on tourism, apparel and maybe logistics apart from other service industries to move our GDP per capita number upwards.

I also think that we must take advantage of India. India is this massive market of more than 1 billion people which is growing year on year, and we are well placed to take advantage of it as a tourism destination. When China grew, the tourism industries of all its neighboring country's such as Vietnam, Myanmar and Cambodia grew very rapidly. For us it is India, and we need to take advantage of it.

As an organization we play a leading role in the tourism industry in Sri Lanka, and we work closely with all key stakeholders to drive Sri Lanka as a sort-after destination globally. We recently launched the One Island Thousand Treasures campaign working with Sri Lanka Tourism. We are doing a lot of country related campaigns and we feel that if we push Sri Lanka as an entire destination, it is beneficial for us as an organization. So, we take that responsibility very seriously as well.

In the short run, we have Cinnamon Life integrated resort which is an 800-room luxury hotel in Colombo, with retail, residential and commercial towers integrated, planned to open up soon. This is the largest private sector investment in the country and will be the most iconic property in Colombo. this is a



big statement from us with regard to the confidence we have in Sri Lanka and Colombo as a tourist destination. We will do our part in terms of driving the right marketing and setting up the right infrastructure in key source markets in doing so.

The government has an ambitious plan of making Sri Lanka a 10 billion USD industry by 2025. What is your perspective on this and notwithstanding the current economic situation what are some other challenges we may need to overcome to achieve this goal?

I think 10 billion is based on an approximate 6 million tourist arrivals into the country. As a destination we have been growing rapidly since 2010, and highest we had was about 2.3Mn tourist arriving in 2018. Since

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2019, we have had few challenging years. But compared to similar destinations regionally we have a long way to go. If we look at Bali

which is a much smaller island, they had pre-pandemic arrivals close to 7Mn. I think getting to 6 million tourists is a no-brainer and it is just a matter of how fast we get there. I am not too sure whether it will happen in 2025 due to the 2 years of Covid and that target was set before Covid. So maybe there will be a delay, but we will get there.

Obviously, the government will have to do their part. One element is the destination promotion campaign. There was a budget approved of a USD 150 Million promotion campaign last year, but it is yet to get going as we have had Covid and other problems. Multiple governments have identified tourism as a priority and are working on support infrastructure as well. Development of the main Airport terminal to increase capacity at Katunayake and development of Rathmalana Airport which is now an International Airport will also help. another area of good



development is connectivity within the country, with a good high-way network which needs to expand as intended. Travel to the southern coast in Sri Lanka is now quite open due to the highway and the planned expansion of central highway would do the same for the east coast, northern and central parts of Sri Lanka as well.

Another big challenge Sri Lanka will face is the talent in the industry. If we are to accommodate 6 million tourists, we will need approximately 150,000 more workforce in the industry. Currently we have a huge problem in terms of the pipeline and retention of talent in the industry, as a lot are going away to Middle East and Maldives which is showing high demand. As a leader

in the industry, we are taking part of the responsibility in solving this problem as well. First we have to create enough economic value, that is good wages and service charge for people to join and continue to work in our hotels/resorts. And to help with the pipeline we have always kept learning and development as a key focus area. We have and will keep investing in world-class learning & development programs and center of excellence/academies partnering with global experts in the field as we feel we also need to lead the way in this regard

What are the skills and capabilities you expect undergraduate students to develop if they are aspiring to

join the tourism industry in the future?

I think skills and capabilities can be taught and what the university system offers is good enough as a starting point. What we need is passion. Hospitality industry is a people industry, and you must have the passion to be in front of people, service people and always do more. That is what we feel is needed and a service culture that moves away from the existing subservient culture to more of a service culture where we continue to respect people while delivering a good quality service. So, what we want from the budding graduates is for them to bring that passion for good service and the passion for being world-class at what we do. Everything else is not rocket science and it is not something you can't learn.

The biggest challenge in terms of attracting people to the hospitality industry is that the entire economics of our industry is built around service charge. Our basic salaries are significantly low and service charge compensates for that pay. We saw over the last 2 years when we had no business and no service charge, people couldn't live and therefore they left the industry. As one of this industry's key player we must solve this problem to attract and retain passionate people by introducing an economic model that provides good pay. For this, we need to upgrade our hospitality to a world-class level to attract higher paying guests, and this must be done looking at medium to long-term rather than short-term profits alone which we as an organization want to do.

**By Janith Iddawala
& Chandima Yapa**