

Ken McCulloch began by revolutionising boutique and five-star hotels, and now he has created a new class of hotel altogether. **Christian Sylt** meets the man who is changing the way we stay.

Mr Innovator



MY FIRST JOB

Commis chef at the North British Hotel, Glasgow

two years he had three outlets. He went on to open One Devonshire Gardens, the five-star boutique hotel, which was the first in the city to achieve genuine world-class status and a Michelin star for its restaurant.

Next, he launched Malmaison, arguably the UK's first boutique hotel chain. Locating Malmaison's hotels in unusual but cheap sites, such as derelict churches, was McCulloch's masterstroke. The first two opened in Glasgow and Manchester in 1994. Mick Hucknall, of Simply Red, was such a fan that he invested in the company.

McCulloch made his real money, though, in 1998, when Malmaison was sold to America's Patriot group leaving him with a war chest of over \$78m and the need for a fresh challenge. "I am an enthusiast first, a hotel enthusiast second and a hotelier third. In that order," says McCulloch. His entrepreneurial edge and his dedication to delighting guests is almost certainly the root of his enduring success.

"I don't think of hotels as being functional," he says. "Hotels are really mundane things. But they don't have to be. I think the people who want to stay at my hotels think of them as more than just hotels. I want people to say: 'I don't want to be anywhere else.'"

McCulloch's painstaking preoccupation with impressing his guests is pervasive. "I don't want a database of customers, I want a fan list," he says. McCulloch even began to write a staff manual about the ideal experience guests should get during their crucial first five minutes in the hotel but admits he had to give up, "because there is so much that goes into those five minutes."

Beyond their first footsteps in the lobby, McCulloch is a firm believer that the key element that

It's fitting that Ken McCulloch's latest hotel chain is called Dakota. The affable 56-year-old Scot named it after the low-cost DC3 aeroplane that opened up air travel for the masses in the 1930s. Similarly, McCulloch's Dakota has opened up its industry by creating a new category of hotels with five-star, in-room touches such as walk-in showers, broadband Internet access and 32-inch plasma screens for only £80 (\$140) per night. In an industry where customers have seen it all, McCulloch has broken new ground once again.

McCulloch has a pedigree of pioneering, and kick-started the UK's boutique hotel craze with his chic and cosmopolitan Malmaison chain in the 1990s. In 2001, he set up his other current chain, the aptly named Columbus, demonstrating that an affordable five-star hotel is not an oxymoron, and consolidating his \$78m fortune.

McCulloch started his working life plucking chickens in a Scottish hotel and pursued his passion of becoming a hotelier by working as a management trainee with the Stakis chain. At just 21 he opened Glasgow's first wine bar in a hotel basement and within

FIVE THINGS I WISH I'D KNOWN BEFORE I STARTED

- 1) Life is simple, people complicate it
- 2) Don't over analyse, go with your own instincts
- 3) Most professional advice is fee driven
- 4) When the communication stops, the problems start
- 5) Ye cannae shove yer granny aff a bus!



will keep people coming back is good, warm service. In 2001, he opened the Columbus hotel in Monaco, with Formula One driver David Coulthard, on exactly those lines. "I want people to go away thinking it's the friendliest hotel they've ever stayed at. It's chic and cool but it's natural and friendly. It's not like all that nonsense about hip, boutique, designer hotels," he says. "I don't feel comfortable in those places."

Columbus has been voted the best independent hotel in Europe, but McCulloch isn't one for complacency. He is adding a spa and penthouse to it and the brand is starting its journey to new territories. "I can't do a Columbus everywhere. Because, if I did, it would dilute what we created here," he explains.

So he spent the past three years on a painstaking search for suitable locations, which led him to Paris, Lisbon and Arizona.

He admits that he was initially looking at launching around 20 Columbus hotels in the US but gave up after being frustrated by Wall Street bureaucracy.

In the end, Coulthard helped McCulloch secure the next Columbus site through his former bosses at Mercedes, who are redeveloping the historic Brooklands race circuit in Surrey. The German car company plans to open a cinema and motor museum on the site and, in August 2006, a £20m (\$35m) Columbus spa hotel will open alongside them.

McCulloch is pulling out all the stops with the new hotel. "We're building it in the style of Brooklands in its heyday," he says, before boasting that it will be the best hotel in the UK. And although he has a passion for racing, it isn't clouding his judgement. The site is located conveniently close to the headquarters of Sony, →



“DAKOTA SITS OUTSIDE THE CITY CENTRES, WITH TOWERING BLACK SHINY GRANITE WALLS MAKING IT A MONOLITHIC LANDMARK TO LURE GUESTS”

Procter & Gamble and tobacco company Gallagher, which are all sure to provide plenty of passing trade.

He isn't becoming blinded by the success of Columbus though, and Dakota is in full swing. Last October, just four months after the first Dakota opened in Nottingham, McCulloch raised £150m (\$260m) from institutional investors and the Bank of Scotland to build another 12 hotels over the next two years. He hopes to have 20 open by 2007, explaining: "Once you get rolling with something like this it requires an aggressive strategy."

The next Dakota will launch in spring next year, in Edinburgh; other locations under consideration are Aberdeen, Chester, Newcastle and Leeds, as well as five sites in London. But don't be surprised if they take longer than expected to spring up. McCulloch admits to getting "obsessed and demented with trying to get it right and always thinking we need a few more weeks." But Dakota's long gestation period is testimony to his fastidiousness.

Timing isn't essential for this project though. Melvyn Gold, managing director of hotel consultancy services at business advisors PKF, says the secret to budget brands is "the right sites, the right place and the right price." And McCulloch has this sewn up, with sites

beside motorways or industrial estates where the direct competition is either non-existent or abysmal.

McCulloch explains: "City centres are not particularly nice places at night now." So Dakotas will sit outside the centres, their towering black shiny granite walls making them a monolithic landmark to lure guests. And McCulloch is building from scratch for the first time rather than renovating existing buildings to achieve the desired effect. "It has been liberating for me to take a field and build a hotel on it," he says, and his strategy has borne fruit. Not only has Nottingham Dakota's occupancy already exceeded expectations but it has also become a destination for locals using its restaurant and bar.

Of course, the more Columbus and Dakota blow guests away with value for money, the more McCulloch becomes his own worst enemy. "Every time you get it right you're raising the threshold of their expectations for the next visit," he says. It's a dilemma which many hoteliers would die for and it's the secret which keeps McCulloch's fans coming back.

Ken McCulloch with Formula One racer David Coulthard, whose former bosses at Mercedes helped the pair develop the Columbus enterprise.

