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citizenM

Radical innovation in the hotel industry

Introducing citizenM

Rattan Chadha and Michael Levie ordered another bottle of wine. They felt excited. Rattan Chadha was a serial entrepreneur and the founder of the successful international fashion company MEXX, born out of the clothing brands Moustache and Emmanuelle (with two added kisses). Michael Levie had been working as an executive in the hotel industry for 20 years. They were having dinner after having been introduced to each other by their mutual friend Jan Wulf van Alkemade. They had finished their food, but the evening's main dish was still very much on the menu: revolution. Revolution in the hotel industry, to be precise.

Levie had managed large hotel portfolios for various international chains, including Sonesta International Hotels and NH Hotel Group. Over the years he had developed various ideas for innovative changes in the hotel business, yet he had been frustrated by the industry's conservativeness and unwillingness to experiment with radical ideas. Chadha's observations on the status quo were from the other side of the check-in desk. He had long been puzzled by the fact that, when sending his designers on business trips to anything other than luxury hotels, so many of his people ended up in rather run-down establishments. From a frequent traveller's perspective it seemed that mid-range was not fit for purpose. He thought the industry was antiquated and ripe for change. Levie agreed.

The idea

At the end of the dinner – the first time the men had ever met – they looked each other in the eye and shook hands. They had decided to join forces and bring innovation to an industry that hadn't seen any

innovation for decades; not since the onset of hotel chains over half a century ago. Chadha would be chairman of the company, organising the management side of the firm. Levie would be Chief Operating Officer and organise the set-up and management of the hotels. They grinned. They realised they were about to start a long and hazardous journey together but revelled in the idea of shaking up the industry.

This case was prepared by Freek Vermeulen, Associate Professor of Strategy and Entrepreneurship at London Business School. Gary Smith provided research and writing assistance.

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