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COMPANY PROFILE

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MAIN MENU

“Thailand’s government has been addressing the environmental problem by offering a 20% goal by 2036 of clean energy products. Also, they are incentivising the goal by buying power from businesses that use solar panels.”

In conversation with **Mr. O.B. Wetzell**

What made you to come to Thailand and how did you get set up in the industry?

Mr. O.B. Wetzell: I was living in San Francisco and I had been a builder all of my life. My wife and I decided it was time to start a family and as my trade was pretty mobile we started looking for opportunities a bit further afield. I got a job offer in Phuket building luxury holiday villas and it sounded much more exotic than anywhere in America so we made the move. At that time the Amanpuri project had just started. It was so successful that they decided to develop a different project building villas, this time being managed by the resort but owned by others. It was absolutely the single best piece of iconic business matrix the hospitality industry had ever seen. Adrian Zecha’s idea touched a niche as people enjoyed the experience but didn’t want to pay the \$1200 a night, this way they had equity. We ended up building over 125 high end villas as well as working on resorts through Thailand and in the Maldives. So that’s how I became a project manager. The rules and regulations I came in with were different systems to Thailand so working cross culturally has taught me a lot.

What is your approach to building sustainably in Thailand?

Mr. O.B. Wetzell: Well I had a lot of experience building sustainably in America where we looked at more environmentally sensitive buildings. Back then we had an owner builder code which allowed us to experiment with our building styles. Then along came LEED which was an American centric system with specific regulations making it a bit of a challenge when bringing it to Asia. There is actually more square meters built by LEED in China by far than Thailand. China just started doing the development and decided to borrow some tools from the west. Thailand was definitely in development but the tools from the west were not as attractive.

Five or six star resorts themselves are a bit environmentally unfriendly and non-sustainable. We have a huge staff in the six star pieces we do and we engage all of the fine engineers working on Rosewood so they are all trying to learn and start a LEED chapter of their own. There is actually now a LEED users group in Thailand that is established and is currently moving forward and applying for a foundation status here in Thailand. So I brought an environmental sensitivity here but I also brought LEED and neither one were a real fit, yet.

Rosewood asked me to make their project LEED gold which will be the first LEED gold resort in South East Asia. There are other LEED buildings such as tower hotels but not yet a resort as it is very difficult. Building six star its self is very difficult as you need six star appropriate technology whilst showing environmental sensitivity is insanely difficult, but my team and I enjoy the challenge. The best piece of hospitality is that it arrives with a fair amount of money and it keeps generating a cash flow, it is not a one off. Therefore with things like CSR there is an ongoing appreciation and the good news is it sells. Tourists are getting more and more politically correct, they’re willing to pay something like a \$1000 a night for something that is LEED gold.

Marriott hotels started the environmentally sensitive requests such as asking guests to reuse their towels. I asked them at a conference about the gap between six star and sustainability. When people are on holiday and they often don’t act as environmentally friendly as when they are at home which the environment can’t afford. So we started implementing environmentally friendly ways to combat this such as automatic switches on the doors so when the door is open the air-conditioning turns off. When the guest asks why it turns off and we explain its because of the environment, they don’t tend to mind so much. Making that translation at a business level is huge and essentially that is the goal post for all of the industry. I have kids and grandkids that I don’t want to leave with an environmental global mess that they will have to fix. That is the challenge globally in every business sector that has to be taken on.

Do you believe that the infrastructure in Thailand can be built in a sustainable way?

Mr. O.B. Wetzell: The fact that it can be done in the most sustainable way is our greatest hope. We have to roll all of the dice with that hand. Again if they are only hearing numbers then they need to be influencing the legislator and convince them that this is the right way by giving them an economic reason to do it. For example, my CFO in Hong Kong only hears numbers, we were talking about solar panels which we estimated would take eight to ten years to pay themselves off, now they do it in three years giving more of a reason to install them. It’s all about the now. In fifteen years a hotel will turn over so you have to seize the capital. Will it be done on time? It will never be done on time, we are always paying the piper and lacking. This year in South East Asia they recorded the worst air quality in history and next year will be worse.

Is there a tipping point and where will it be? We are all getting towards those places but people don’t want to hear it. There is the concept of illiteracy so when someone talks about there being three billion tons of carbon in the atmosphere we don’t fully understand what that means, there is no relatable translation.

Could Thailand be a regional model of sustainability?

Mr. O.B. Wetzell: It would be huge and in fact they have to. China has got solar panels everywhere but coincidentally they also pollute most of the air which is tragic as the air quality in Beijing is six times what world health says is dangerous to humans. So are they are looking at getting off the grid and developing hydroelectric. This would be done by damming up the water which could mean the Mekong delta might not have water anymore so Vietnam, Laos and Cambodia will have problems but China would have a lot of power.

Thailand has been addressing the environmental problem by offering a 25% goal by 2012 of alternative sourcing. Also they are incentivizing the goal by saying if you put a solar panel on your business they will buy power from you at 11 baht a watt and we purchase power at 6 baht a watt so that’s a great incentive. That kind of thinking is exactly what needs to be underscored.

We are doing a reef restoration at the resort in Phuket and the army arrived to clean up the beaches. Thanks to the military government we have seen less corruption and the beaches are cleaner now than they have been in a long time which is a great step and very positive.

What are the trends you have seen in the tourism industry over the last few years?

Mr. O.B. Wetzell: In 1997 there were 35,000 guest rooms in reach of the airports and now there is upwards of almost 60,000. In 2004 the tsunami wiped out about 6,000 and the rebuild has been a little bit down market, however, the arriving tourist is different. When I arrived here there were some western tourists visiting, some Koreans, and Scandinavians escaping the cold. In the last two years we have seen a big increase in Russian and Chinese tourists. They aren’t crowding the beaches as much and they are more infrastructure reliant. The energy costs of this tourist are huge and this does need to be addressed.

With the eyes of the world looking at Thailand and the South East Asian region, as a foreigner, what message of confidence would you give to other foreigners looking to invest in Thailand or set up their own business?

Mr. O.B. Wetzell: First we have to describe that this is the epicentre of tomorrow’s economy, there is no question. If the population of china was to grow even 4% then that is already even bigger than the entire population of the United States, so this is the area for investment. So being within four hours of two billion people speaks for its self. The largest English speaking country in the world is India and the largest Muslim country in the world is Indonesia so this is what’s happening in Asia. China are purchasing materials out of Australia which sent Australia’s dollar into the stratosphere but if they stopped buying then the Australian dollar would drop drastically. So you want to get where the games are being played and the rules are being made, this is certainly in Asia.

Thailand is a great place to raise a family with some degree of securities and lovely hospitable people. The greatest opportunity for Thailand is education, without a doubt. It has to be the educational hub of the region and tourism itself is becoming multi-faceted. It’s one of the largest medical tourism destinations on the planet and the medical services here are good.

I would encourage people to understand Thailand historically, meaning it is stable. It is Siam and has been a power here for thousands of years and what westerners often don’t understand is the Thai peoples reverence for the royal family. That is the solidity that holds Thailand together. The strength of Buddhism here and the strength of decent cultures; half of the people are of Chinese decent and a large portion is Islamic as well. So that’s why it’s good to be in Thailand.

Studies show that South East Asia will be impacted more than other places in the world when it comes to Global Warming. In your opinion is the Thai construction sector adapting to this new reality, are plans being put in place? What are the future plans for your company and how do you envision the coming years?

Mr. O.B. Wetzell: My company will move out of working for clients to our own developments. We will do our own so I can focus on specifics regarding fittings and other details in the building. The client is of course return on investment centric. I am surprised at the cost of construction in Thailand because generally it seems to incorporate a couple of steps forward and one step back so it is not tidy and well organised. The labour cost is cheaper here than America but the quality and care of the build is cost effective. At the front end and the design end big changes can be made on completion because it is affordable for the client. So it is not very efficient and to that extent there is a fair amount of waste. Our project is pretty much zero waste and I try to recycle everything I can. I recently approached the government restoring the reef in Patong in front of our resort which was about 50% dead. They were happy to restore it for us if we paid them to do it which was fantastic because not only is it good for the environment, it is good for tourism too. I think that working with the government to improve the marine life in Thailand is the way forward and I hope that other resorts will follow suit. The hope for the region lies in education, medical tourism and tourism in general.