

**A. M. Sonnabend (1896-1964): Legendary Financier,
Squash Champion and Hotel Pioneer**

By Stanley Turkel, MHS, ISHC

Abraham Malcolm Sonnabend was born in Boston on December 8, 1896, the son of Esther and Joseph Sonnabend. He graduated from the Boston Latin School in 1914 where he was the recipient of the Franklin Medal and several prizes in classical and modern studies, captain in the school regiment and business manager of the school paper. Entering Harvard University with the class of 1918, Mr. Sonnabend completed the four-year course in three years and graduated in 1917 in order to enlist. He was a member of the Harvard Reserve Officers Training Corps but upon completion of the course of training he was not old enough to be commissioned or to go to the Plattsburg Training Camp. He therefore enlisted in the United States Naval Flying Corps as a second-class seaman and was sent to the Massachusetts Institute of Technology for ground training. From there he was sent to Miami where he received his preliminary flight training and then to Pensacola where he completed his advanced flight training. He was commissioned an ensign and received his rating as a naval aviator. Early in November 1918, he was ordered to report in London for duty with the Northern Bombing Squadron but with the signing of the World War I armistice, these orders were rescinded. Ensign Sonnabend remained in Miami as instructor and flight qualification officer until he was released from active duty in March 1919.

Sonnabend was an excellent athlete and a high-ranking squash racquets player, ranked No. 6 in Massachusetts in 1936. He held the State doubles championship and represented the United States in international championship matches with Canada. He played regularly on the Harvard Club of Boston A team in the State league matches. In 1938, he won the U.S. National Veterans Squash championship.

At the end of World War I, Sonnabend joined his father's real estate organization. Itching to strike out on his own, the enterprising Bostonian borrowed \$5000 from his Dad and took over the management of his father-in-law's real estate. One year later, he repaid the debt and still had \$20,000 profit from his realty endeavors. He married Esther Lewitt in 1920. By 1927 he had increased his real estate holdings to a net worth of \$350,000.

After the 1929 crash, Sonnabend concluded that economic conditions were going to get worse and he contrived a way to protect himself. He told every tenant that if they would sign a long-term lease, Sonnabend would lower the rent. Few refused and in 1931 and 1932, Sonnabend's buildings remained occupied while those of many other owners slowly emptied. This impressed Boston's bankers, who by then owned much of the city's commercial real estate, and they began offering their foreclosed properties to Sonnabend. Again Sonnabend prospered and by the beginning of World War II, he was very likely the biggest apartment-house owner in Boston with ownership of 2,500 apartments.

In subsequent years, A.M. invested in Botany Mills, Consolidated Retail Stores, Studebaker-Packard Company, the Alleghany Corporation, Artistic Foundations, C.F. Hathaway, Seagrave Corporation, Premier Corporation of America, Lionel Corporation, etc. "Sonny" was an entrepreneur who purchased financially troubled companies for tax purposes, made them successful, and sold them at a profit. It was not until 1943, that A.M. Sonnabend at the age of 49 became involved with hotels as a real estate investment. The first hotel acquisition for A.M. (and six other partners) was the Preston Beach Hotel on the north shore of Boston. Because of his business acumen, A.M. took charge of the management of the Sonnabend-operated hotel division.

In 1944, Sonnabend (with seven partners) acquired a package of Palm Beach, Florida hotels for \$2.4 million including the Biltmore, Whitehall and the Palm Beach Country Club. In little more than a year, Sonnabend's faith in Florida was vindicated when Conrad Hilton bought the Biltmore for almost as much as Sonnabend had paid for the whole package. Later on, he sold the county club alone for \$1 million. Sonnabend continued to own and operate the Whitehall Hotel whose 300 rooms had been constructed in 1925 adjacent to Henry Morrison Flagler's mansion. Sonnabend continued to own and operate the Sun and Surf Club to provide facilities where Jewish guests were welcome in contrast to the anti-semitic practices of some other Palm Beach clubs and hotels. HCA built a 50-room Charter House hotel in Annapolis, MD. as an overnight stopover for Jewish families driving from Boston to Florida. Sonnabend later negotiated unsuccessfully to acquire the Boca Raton Resort & Hotel from the Mizener family.

Sonnabend bought the Edgewater Beach Hotel in Chicago for only \$5000 per room at eight times earnings. According to Roger Sonnabend, A.M. was never in competition with Ernest Henderson at the Sheraton Corporation or Conrad Hilton to build a chain of hotels. In 1948 and 1949 Sonnabend almost acquired the Waldorf-Astoria Hotel in New York but lost out to Conrad Hilton. A.M.'s major interest was making money through a variety of strategic investments.

Sonnabend (with partner Royal Little) beat out Hilton two years later when he acquired the Van Sweringen properties in Cleveland including – the fifty-two story Terminal Tower, three other office buildings and the 1000- room Hotel Cleveland. Later, Sonnabend's bid to acquire the Statler Hotels Corporation lost out again to Hilton.

In 1953, Hilton sold Sonnabend the Plaza Hotel in New York City for \$15 million and immediately leased it back for two and half years and upon expiration for an additional four years. Subsequently, in face of the U.S. Department of Justice charge that Hilton was monopolizing the convention business, Hilton sold the Mayflower Hotel in Washington and leased the Roosevelt in New York to Sonnabend.

In 1956, Sonnabend created the Hotel Corporation of America (HCA) and used it to leverage tax losses from the Childs Restaurant Corporation. Finally, in January 1960, HCA assumed management of the Plaza Hotel. In turn, HCA hired some of the most famous General Managers in the industry: Neil Lang, Al Salamone, Jack Craver and George De Kornfeld.

When A.M.'s three sons reached young adulthood, he handed them responsibility at several HCA hotels. Roger, the eldest, graduated from MIT and the Harvard Business School and was only 21 when he took the helm at the Nautilus Hotel and Beach Club, in Atlantic Beach, Long Island, NY. Paul Sonnabend became General Manager of Boston's Hotel Shelton, immediately after graduating from Cornell's School of Hotel Administration in 1950. Stephen, Sonny's youngest son, graduated from Harvard and assumed an executive position with the Childs Restaurant Corporation.

By the time A.M. Sonnabend passed away in the early 60's (at age 68), his three sons were managing a rather large hotel business. However, Roger, Paul and Stephen preferred their role as hoteliers rather than financiers or real estate investors. As a result, they decided to sell their unprofitable properties and keep the hotel company relatively small. This decision gave them the opportunity to develop a hotel management company and maintain their hands-on approach to the operation of hotels.

Jim Burr is president of the Burr Company which offers consulting services in hotel asset management strategy development and due diligence. Jim has more than 40 years of industry experience including this wonderful recollection of the Hotel Corporation of America:

“..... I worked at The Plaza, fresh out of the Cornell Hotel School, from 1963 until 1965. Al Salomone was the GM and George DeKornfeld was his assistant. I was in a department known as “Budget and Control,” which was set up in all the HCA hotels by Carl Albers, who later directed all hotel operations. I have always regarded my experience there as being akin to a post-graduate course in hotel management. With 40+ years of perspective, I now realize that some of what we were doing was a precursor to internal asset management.

Albers pioneered the industrial engineering and systems approaches to hotel management. HCA was among the first companies to use staffing guides that were established on the basis of achieved work hour productivity. At the time, Hilton and others were still trying to work with percentages. I recall hearing often: “Control the hours and you control the dollars. And you also control the “burden,” which was how HCA thought of PTEB. The Company was heavily into food and beverage control and emphasized yield testing and food and beverage potential costs. Several of the HCA hotels featured Rib Rooms, and the Company did extensive testing of the roasting temperature and the configuration of the rib that provided the best yield. They developed a

metal tool for measuring ribs at the receiving point so they could be quickly accepted or rejected.

We were given the rudiments and applied the techniques of work sampling and work simplification. I recall flow-charting the path of a room service order through the original Plaza Hotel kitchen (which had 105 white-jacket cooks) and helping to create new staging.

Budget & Control developed the concept of a “ditto master” for the monthly financial report, so someone (with handwriting far better than mine) could quickly fill in the actual results for the month vs. budget and last year and get the report circulated so department heads could review variances and quickly react to them. The formal report, which the Controller’s office released a couple of weeks later, after it was typed, checked, corrected, run and collated, became a “for the record” document that had little utility.

Budget & Control undertook, and I was involved in the development of a five-year strategic plan that, at the Plaza, identified the need for additional function space that was eventually created on the second floor and the plan to create another restaurant (which eventually happened, and was called the Oyster Bar) in an underutilized area then occupied by the Hitchcock Gift Shop.

The B & C Department cooperated with the Controller’s office, and performed some of the accounting functions, (including preparation of the annual operating budget) but did not report to him. Instead, there was a Budget & Control Director who reported directly to the GM. Best practices were circulated to all hotels through a periodic bulletin and scheduled meetings.”

Jim Burr continued with these pertinent memories:

“It was definitely Roger Sonnabend, with his Harvard Business School background, who championed these approaches. Paul was probably a force behind the scenes, but although he had the title of President of the Plaza at the time, and occasionally came in for meetings, his close involvement with the hotel was not evident to me.

I had intended to include in my list of pioneering efforts the use of Industrial Psychologists. Every key manager was subjected to interview and testing by RH&R- Rohr, Hibler & Replogle. I believe they did some counseling of upper management as well. My session with them took the better part of a day. Before I started it, I commented to the Corporate Employment Manager, “We’ll see if this guy determines that I’m some kind of nut.” His response: “I guarantee he will; the question is if you are our kind of nut.” HCA was also big on the understanding and application of “The Management Grid.” We were taught the importance of the 9-9 management style, where everyone wins, with a 9-1 backup for critical or emergency situations, where the manager must control. And were cautioned about the “country club” style, 5-5, where little gets accomplished and employees aren’t happy.

Were you aware that the current Sheraton Boston began life as one of several new prototype hotels being developed by HCA as the “Hotel America?” It was under construction at the time I joined The Plaza. Before completion, the Sonnabends found the opportunity to sell it a substantial profit, so it opened as a Sheraton. A Hotel America was completed in Houston, and I believe there was another one, but they were too far ahead of development in their areas to succeed.

Sonnabend, also pioneered a presence in Europe; the Carlton Tower in London was built and opened, while I was at The Plaza, as an HCA hotel. It later became a Hyatt and is now run by Jumeirah.

Another area where HCA was ahead of industry: encouraging the staff to use the guest name. That's an area that is getting a lot of emphasis by the brands today. I received a mailing from the Plaza about it, sent to my home, in the sixties.

Of course, it was The Plaza where the Beatles stayed when they came to the States for the first time to be on the Ed Sullivan show. A few days before their arrival, one of the reservationists picked up on the fact that G. Harrison, R. Starr, J. Lennon and P. McCartney had booked accommodations and knew who they were. Security arrangements were quickly made. I was there at the time and it was a real zoo.

The Plaza was the only HCA Hotel I worked at. My classmate, Mike Pleninger, now President of Newport Hospitality in Virginia, went to Houston, and later managed the HCA Hotel in Winnipeg. Archie Casberian, who wound up becoming the proprietor of Amaud's in New Orleans, worked for Carl out of the corporate office for a while, before he became GM of the Royal Orleans Hotel. Martin Gray, currently in Miami, worked at The Plaza at the same time I did. The late Bill Maibach was at The Plaza when I got there and left to join Inter-Continental. He later was GM at some of the Loew's Hotels, including the Ambassador East & West in Chicago, and was VP Operations there for a time."

Long before the name Sonesta became synonymous with quality hotels, a prize-winning dairy farm in Holliston, Massachusetts proudly proclaimed that it was “Sonesta Farms”, named after its owners, Abraham (nicknamed “Sonny”) and Esther Sonnabend.

However, the name “Sonesta” was first used in the Rib Room restaurant at the Roosevelt Hotel in New York City by Resident Manager Charles Meredith White. He named the baked potato with sour cream and chives as the “Sonesta potato”. Later, when HCA built the Royal Sonesta Hotel in New Orleans, it was known as the “baked potato” hotel by local owners.

In 1977, the Loews Corporation almost purchased Sonesta International Hotels including the stock owned by members of the Reuben Gryzmish family, friends of A.M. Sonnabend. A third generation of Sonnabends has now joined the executive ranks to manage the company:

- Stephanie Sonnabend, CEO and President
- Peter Sonnabend, CEO and Vice Chairman
- Jacqueline Sonnabend, Executive Vice President
- Alan Sonnabend, Vice President Development
- Kathy Sonnabend Rowe, Senior Vice President, Food & Beverage
- Tom Sonnabend, Regional Sales Director New England
- Patti Sonnabend Wagner, Director of Corporate Accounting

The Sonnabend family has endeavored to transition from the second generation to the third generation and keep Sonesta successful. Their harmony as a family has translated into a company-wide commitment to manage upscale hotels that deliver uncompromising personal service and reflect the history and culture of their locations.

For over 60 years, Sonesta has owned, managed, designed, built and marketed hotels throughout the world. There are presently 28 Sonesta hotels and resorts, including 5 Nile cruise ships. The properties are located in the Boston, Miami, New Orleans, Orlando (2007), St. Maarten, Peru, Brazil and Egypt.

By consolidating assets and positioning the company for opportunities to expand with more hotels and resorts, Sonesta has emerged as a stronger company over the past five years. While growth will be continuous, it will likely be at a pace that preserves the character that distinguishes each Sonesta property.

A.M. Sonnabend's civic and charitable interest were extraordinary. He was Vice President of the American Jewish Committee and served as National Chairman for the AJC's Institute of Human Relations. In Palm Beach, he was active in the Community Chest and Red Cross and was a governor of the Good Samaritan Hospital.