The Chatham Hotel: A historical case during New England's "Elegant Era"

By Peter Szende and Erinn D. Tucker

Background of the Chatham Hotel

The grand Hotel Chatham – a.k.a. The Chatham Hotel – has been regarded by many as one of the grandest hotels in New England during the late 19th century (Buckley, 2005). Designed by Boston architect, Franz Edward Zerrahn, the Hotel Chatham was over 30,000 square feet, three stories in height, 73 guestrooms, which could have sheltered the entire population of Chatham, Massachusetts (MA) under its roof at that time. The hotel opened on June 20, 1890 by four wealthy New Englanders – Marcellus Eldredge and H. Fisher Eldredge, brothers, who were originally from Chatham, MA but made their living owning a brewery in Portsmouth, New Hampshire and in addition Marcellus, served as the mayor of Portsmouth. The other two owners were department store magnates, Eben D. Jordan, founder of Jordan-Marsh (as well as the Boston Globe), and John Shepard of Shepard Department Stores. Frances Hammons recalled this time as the "Elegant Era" of New England where a number of testimonials have recounted this time in US history (Wilder, 1969) when the number of wealthy individuals traveled for leisure increased dramatically.

The timing of The Chatham Hotel's opening had two strengths: 1) Marcellus Eldredge helped finance the extension of the railroad from Boston, MA to Chatham just three years earlier, cutting the travel time from Boston to under three hours, and 2) President Grover Cleveland built his summer house in Bourne, MA establishing Cape Cod as a destination for the wealthy. In addition, at this time in Western Europe and in the United States, the Industrial Revolution introduced industrialization and a rapid growth of cities. Thereby allowing the new labor market and an increase in Americans living and working in urban areas; leisure time away from city life, especially during the summers, gave city dwellers an escape from of the grime and stifling city air (Carlisle, 2011). The marketing used for The Chatham Hotel in 1892 stated that the design of the hotel was "a conscientious effort to give the hotel in every detail the quiet air and substantial comfort of a great private house by the sea" (Nickerson, 1982, p.17). Each of the 73 guestrooms (see Figure 1) had deep closets, antique oak bureaus, chiffoniers, rockers, beds and rugs from Brussels, open fireplaces and water views from each room, cedar shingles and an expansive wrap-

around piazza were all designed for The Chatham Hotel.

The central dining room had white linen on the tables and a smaller, more elegant room, where crystal and silver out-glittered one another, for the elite of the elite. There was a nurses' dining room, where the individuals who cared for the children of others, ate (Gray, 2012). The food offered was primarily fresh fish and a rich variety of local game with vegetables grown within the area . Testimonials collected by guests who vacationed there with families described that when the hotel was at the height of its charm and popularity opulent accommodations surrounded the guests, which included elegant teas and fashion shows, musicals and dances which were held in the evenings.

Zaremba and Jeanloz (1999) stated that the grandeur of the hotel also included a billiards room that had four to six tables (for Men Only!), a bowling alley, which was unusual for a summer hotel, tennis courts, clambakes, shell fishing and hunting, croquet and archery course, and over six miles of coastlines that were used for strollers and bathers; catboats manned by trained boatmen for fishing and sailing parties. The water was reported to had been certified by "the late chemical expert of the city of Boston, James F. Babcock," as being "of extreme purity; as a drinking water it could scarcely be better, and it is in all respects excellent for cooking, washing, and all other domestic purposes" (p. 25). The hotel included a main dining room as well as separate dining areas for small parties, parlors and bars. There was steam heat, electric lights, and shared baths and toilets on each floor (See Figure 2). During the 1892 season, the inn's third summer, the hotel was described as being "truly substantial evidence of a fashionable private home, combined with a modern equipped hotel" (p. 28). The design and amenities were considered modern for its time. Due to the remote location of the hotel, a special stop was built for the train at West Chatham, where passengers transferred to horse-drawn coaches that took them to the hotel. Eleanor Henderson noted that at one time, 13 train car loads of ice was brought into town for the hotel at a cost of $60 per ton .

Chatham, Massachusetts

Chatham, Massachusetts is located at the southeast tip of Cape Cod in New England. Viewing The Cape can be compared with a bent arm, where Chatham is at the elbow and to the east is the Atlantic Ocean. To the South is Nantucket Sound and to the North is Pleasant Bay. The only adjacent town (located at both the north and west town line boundaries) is Harwich. The major geographical features of the Town are hilly,

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Figure 1

Three Story Floor Plan of The Chatham Hotel
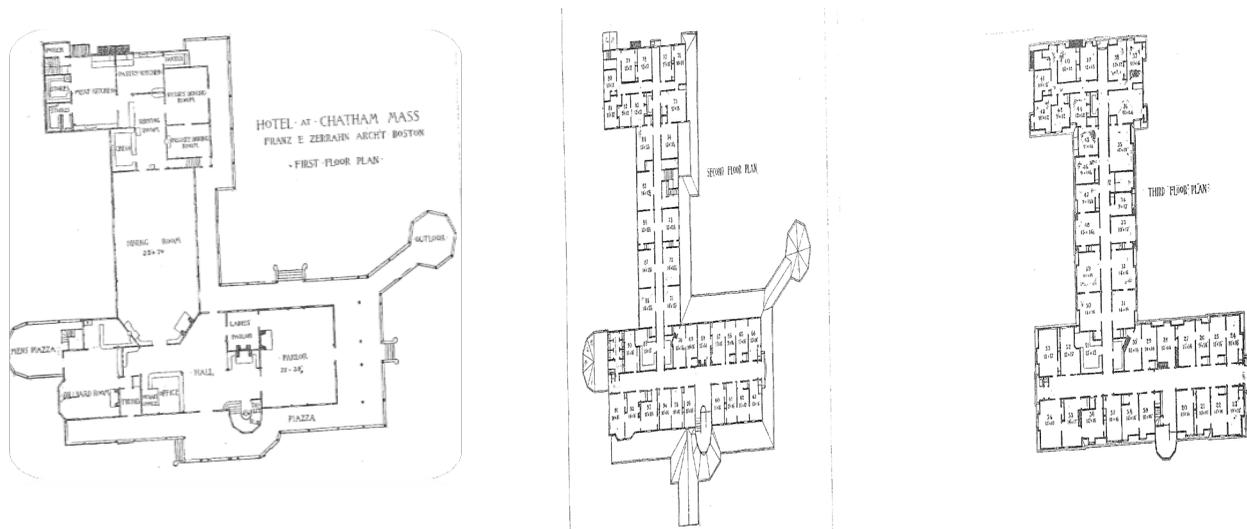
Adapted from the book "Hotel Chatham" by R. Zaremba and D. Jeanloz, 1999, *Hotel Chatham*

wooded uplands, extensive barrier beaches, harbors, numerous small estuaries, with salt and freshwater ponds (Smith, 1909). In 1606, Samuel de Champlain, the first European known to have explored the area, encountered the Monomoyicks, a Native American tribe of about 500-600 members. The topography he mapped and described is still recognizable, as are the varieties of plants, fish, shellfish, and game birds. The Monomoyicks sustained themselves with well-established farms, hunting and fishing. The arrival of English colonists began about 1656 when William Nickerson, an English emigrant working as a land surveyor and weaver in Yarmouth on Cape Cod made the first land purchase from Sachem Mattaquason of the Monomoyicks.

By the 1690s, 17 families lived in Chatham, and that number slowly grew to 50 families in the early 1700s while the native population dwindled to 50-70. It wasn't until after the Revolutionary War that Chatham stabilized and grew. Industries such as fish exporting, ship building and salt production brought life to the economy. Agriculture, fishing, whaling and maritime enterprises flourished. In 1830, during the height of salt works production, the population was 2,130. In 1851, a breach of North Beach affected the stability of the fishing trade, but fishing, ship building and salt-making still occupied most of the Town's population . Some greater diversity of religious and cultural groups appeared in the years prior to the Civil War, and government services including post offices were upgraded. The population peaked in 1860 at 2,710, but dropped to only 1,300 following the Civil War.

Figure 2

Picture of The Chatham Hotel and Main Dining Room

Photo of The Chatham Hotel, in Chathamport, MA. C. 1890 (left). Original photo of inside dining room of The Chatham Hotel, c. 1915, on cardboard backing (right). Adapted from the pictures from the Chatham Historical Society. Reprinted with permission.

Figure 3

Brochure ad feature sketch of Chatham, MA included the Hotel Chatham in the foreground
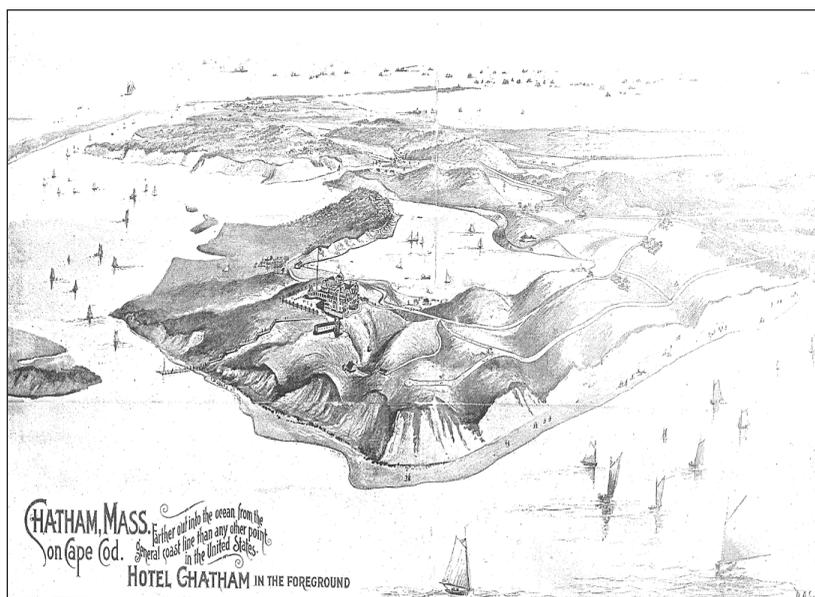
Adapted from the pictures from the Chatham Historical Society. Reprinted with permission.

In the late 1800s the growing popularity of seaside summers and the development of resorts attractive to a wealthy clientele provided a new basis for economic growth, especially after the railroad was built in 1887. The Life Saving Station, Stage Harbor Light, a local newspaper, telegraph and telephone service was added, and the first auto license was issued during this period. Coastal erosion forced the moving of the Twin Lights at James Head to a different site. In an 1892 brochure, Chatham was called the "Venice of the Cape", as a seaside fishing village. Two new schools were needed, and the first public library was established in 1875 in South Chatham. In 1896, Marcellus Eldredge, owner of the Hotel Chatham, donated Eldredge Public Library to the townspeople (Town of Chatham Massachusetts, 2013). Figure 3 is a brochure sketch of Chatham, Massachusetts.

Investor Dilemma

Considered as one of the most modern and luxurious hotels in New England at the time, The Chatham Hotel opened in 1890 (Wood, 1998). According to a former hotel guest, everybody was impressed "by the beauty of the furnishings and the lavishness with which the Hotel was operated" and further described the hotel as "the aristocrat of the Cape" (p.28). The hotel was managed by William Bates, who had been known to the public as having many years of hotel experience and worked with some of the most prominent hotels in the United States, both on the east and west coast.

In essence, The Chatham Hotel was a vacation resort that targeted summer vacationers. The average stay for guests was several weeks at a time where entire families traveled together, including extended family. The average daily room rate was $4.00 per day (Seyfert, 1977). The hotel was reminiscent of a "fashionable private home combined with a modern equipped hotel" (p. 13).

Here are some of the important hotel features:
* Open fireplaces and spacious halls.
* Electric lights in the building.
* Steam heat was provided for the entire structure.
* Sheltered porches (piazzas) overlooked Pleasant Bay.
* Billiards Club (for men only).
* A 'ladies only' and a co-ed lounge area for single patrons.
* In-house orchestra.
* The hotel property had six miles of water-front.
* The water quality 'of extreme purity' was even endorsed by a chemical expert.

Upon opening the third season, Mr. Bates, the hotel manager concluded: "In its short career it has earned a reputation as a refined and unique summer resort that attracts a class of widely-traveled patrons of recognized taste and judgment." (p.28)

Room Amenities
* 73 guest rooms that were larger than that of its competitors.
* All guest rooms had a breathtaking *ocean view*.
* Some guest rooms were equipped with fireplaces.
* Several of the private rooms also contained means of heating.

- A formal white tablecloth dining room featuring fish and game specialties accompanied by local vegetables.
- An elegant, crystal and gleaming *silver* private dining room.
- Afternoon teas; fashions shows; musicals & dances.
- The hotel even had a dining room for nurses accompanying children.

Unusual Amenities / Things to Do

Bowling alleys, Tennis courts, Floating bath houses available for hotel guests, Swimming, Sailing, Fishing (Chatham waters: home to 39 species of fish according to the second season brochure), Croquet game, Trapshooting, Archery, Horse riding, Bird hunting, Private clam bakes, Trip to Martha's Vineyard, Day trip to Boston.

In 1893, as the season came to a close, all guests departed during the month of September back to their respective cities. However, due to the pleasant weather in October, Mr. Bates remained in Chatham to relax in a sheltered piazza overlooking the Pleasant Bay. Mr. Bates was looking forward to another summer season in beautiful Chatham. As he was browsing the business section of the local newspaper, he was wondering if he should be concerned about any aspect of the Hotel Chatham operations. He read in one article that the investors in the Chatham spent an estimated $155,000 to develop The Hotel Chatham, which was recorded as follows:

'Nickerson Neck' Land	$5,000 (Wood, 1988 p. 29)
+ Cost of the hotel estimated including equipment	$150,000 (Knapton, 1976, p. 22)
Total Estimated Cost of	
Development	**$155,000**

Let's assume that Mr. Bates estimated that for a hotel to break-even, a hotel needed to generate one dollar in average daily rate per every thousand dollars in value per guest room . (Note: This is a contemporary rule of thumb which will be applied to this case). In addition, Mr. Bates contemplates that some sort of organizational assessment be conducted that would fully examine the hotel's organizational performance since he had vast experience in the hotel industry. Luxury hotels such as The Willard Hotel in Washington, D.C. had been purchased in 1853 for $83,000. By the 1870s the hotel was clearing between $30,000 and $100,000 a year and raised its room rates from $2.75 per day to between $3 and $4 per day. The average daily room rate of The Chatham Hotel was $3-$4 per day, which was comparable to luxury hotels in the late 19th century (Montgomery, 1968). The Brown Palace Hotel, which opened in Denver, Colorado in 1892, had 400 guest rooms and had room rates between $3 and $5 dollars a night (The Brown Palace Hotel and Spa, 2014). Mr. Bates was comfortable with the room rates as he knew that hotels in towns far from cities charged $1.50 per day (Martyn, 1901).

Assess Organizational Performance

SCORE Assessment

Suppose that Mr. Bates knew the following information regarding organizational assessment and decided to use the SCORE assessment as an alternative to the classical SWOT (Strengths, Weakness, Opportunities, and Threats) analysis used for environmental scanning. Proposed by Tetradian Consulting, the SCORE assessment is used to analyze organizational performance. The SCORE extends the SWOT analysis by emphasizing overall organizational effectiveness (Daniel, Fischbach, & Schoder, 2014; Graves, 2008). SCORE's aim is twofold 1) assessment results should be measurable and 2) assessment is completed both before and after strategies are implemented as to support continuous improvement. SCORE allows for a strategies checklist where the focus is examining the organizations Strengths, Challenges, Options, Responses and the impact on overall Effectiveness.
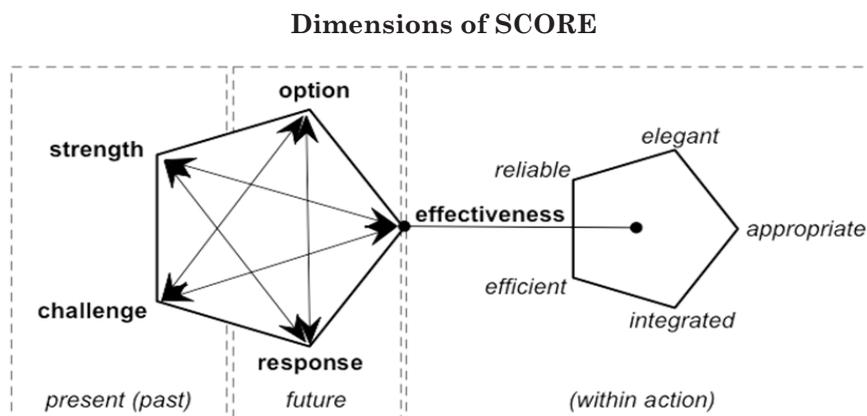
Figure 4

Dimensions of SCORE

Figure 4. Adapted from "Checking the Score" by T. Graves, 2008.

Strengths provide an inventory of what the organization has available to respond to opportunities, and to support the changing environmental landscape. Challenges defines the content for the changing landscape and identifies the internal risks involved (Graves, 2008). Both Strengths and Challenges look at what exists in the present or may have been carried through as strategies from the past. Options identify the reasons for the change, the priorities for the changing landscape, and external risks arising from those opportunities, while Reponses identify the business case for the changing landscape, and the external risks imposing indirectly on the opportunities (Graves, 2008). Likewise, both Options and Response look at what the organization desires in the future, or what may impact the organization the future. Lastly, Effectiveness identifies how well the actions taken will fit within the other dimensions. It looks at the implications and cross-dependencies the organization may put into action that bridge between present and future. The emphasis on time-perspectives is a distinguishing difference from traditional SWOT. The dimensions are illustrated in Figure 4.

Therefore, a SCORE evaluation is completed by examining:

- Past– the organization's existing **S**trengths;
- Present – the organizations current **C**hallenges;
- Future$_1$ – the organizations **O**ptions and opportunities;
- Future$_2$ – the organization's **R**esponses of the outside world to the chosen strategy;
- Bridge the Present to the Future – the organization explores the probable impacts of the strategy on overall **E**ffectiveness.

In addition, SCORE attempts to measure either a qualitative or quantitative assessment to determine if the strategy actually worked. SWOT has its many limitations such as the language used which introduces a spurious sense of danger – e.g. weakness or threat (Daniel, Fischbach, & Schoder, 2014). The SWOT does not really have the breadth of scope to cope with whole-of-system context, or continuity over time. SCORE addresses those requirements with a SWOT-like checklist of questions as a framework for strategy. Table 1 provides these questions for each dimension. Questions assessing the dimension of Strength should provide an inventory of what is available to respond to opportunities and other options and to support the changing landscape. The responses from the Challenges dimension should provide content and priorities for the changing landscape and help to identify the internal risks. The responses from Options should identify the reasons for the change, the priorities for the change, and the external risks arising from the opportunities. The ideas and information gathered from Responses should help identify the business case (if any) for the change, and the external risk invading indirectly on the opportunities. Lastly, five responses formed from the Effectiveness dimension's aim is to identify how well the previous dimensions and strategies would fit with and support each other, and also to prevent

local optimization at the expense of the efficiency and effectiveness of the whole.

Marketing Mix

Applying a marketing mix that complements the SCORE framework should take "people" into consideration when developing an effective strategy. "People", in this context, refers to the people who interact with the customer, thereby executing the organization's overall strategies and ultimately affecting the company's performance. One premise associated with this is that organizations want to develop a customer-orientation in order to achieve its goals. Kotler and Andreasen (1996) stated a customer-orientation philosophy that "success will come to that organization which best determines the perceptions, needs, and wants of target markets and satisfies them through the design, communication, pricing and delivery of appropriate and competitively viable offerings" (Kotler and Andreasen, 1996, p. 41). The term "marketing mix" represents the controllable elements of marketing which collectively form the basis for customers' perceptions of an organization. Differentiation of an organization and its offering can be achieved by differentiating the manner in which any one or more of the elements of the marketing mix are perceived in the marketplace (Judd, 2003). Levitt (1986, p. 117) observed that people, except for those working in sales or marketing, seldom see beyond the walls of their organization, and that the "outside" is a place where things cannot be changed and a place which has nothing to do with them. In actuality, the roles to which employees of an organization have traditionally been assigned dictate their exposure to the outside world, and more importantly, their contact with customers. Also, some people in an organization may not be aware of their organization's strategies and plans, and consequently are not able to understand clearly their role in the organization .

The case for using people or employees in this case, the internal customer, is imperative for internal marketing. Internal marketing has been discussed as means of helping an organization achieve a customer orientation, although the concept is not clearly defined. Over the years, the concept has evolved and been espoused. In a summary article on internal marketing, Rafiq and Ahmed (2000) attempted to trace the evolution of the concept from its early application in the service sector as a means to deliver consistently high service, to their expanded view where it is a concept applicable to any type of organization. The three-phase internal marketing conceptualization of Rafiq and Ahmed (2000) is outlined below:

Phase 1: Employee Motivation and Satisfaction
- Focus on employee satisfaction by treating them as customers.
- Employee satisfaction is defined as "jobs" that meet employee's needs.

Phase 2: Customer Orientation

Table 1

SCORE Dimensions, Assessment and Questions

Dimensions	Assessment	Questions for Examination
Strengths		What would we regard as the organizations strengths in this case?
	The organization's existing capabilities and resources; the potential for synergies.	***Services*** • What services and capabilities does the organization have? • What services can the organization call on from others? ***Support*** • What support-resources does the organization have available to them? • What support does the organization have, from others?

Challenges		• What are the issues the organization need to address?
		    - within the organization
		    - in relationship with partners, suppliers, other stakeholders?

	The organization's needed capabilities and resources.	***Capabilities needed*** • What new capabilities and services would the organization need? • What skills would be required? • What would be needed to develop these skills and services?
Options		• What are our options in relation to opportunities and risks? • How can the organization act on those options? • How should the organization prioritize those options and actions?
	The organization's opportunity can also be viewed as risk; while risk can be viewed as opportunity.	***Opportunities*** • What opportunities present themselves to the organization? • What risks arise from those opportunities? • What opportunities arise from apparent risks?
Responses		• What responses would we expect form other stakeholders? - from customers? competitors? providers? partners?
	The organization's probable or emergent consequences of action taken or inaction.	***Regulations*** • What regulations might arise in response to the organization's strategy? • What would be the impact of new or upcoming legislation? ***Return/Rewards*** • What is the business value of each opportunity and risk?

Effectiveness	The organization's measure if the action taken or not taken was efficient, reliable, elegant, appropriate, integrated.	• Is it Efficient?
		    - maximum use of resources, minimal waste of resources
		• Is it Reliable?
		    - predictable, consistent, self-correcting
		• Is it Elegant?
		    - clarity, simplicity, consistency, self-adjusting for human factors
		• Is it Appropriate?
		    - supports and maximizes support for business purpose
		• Is it Integrated?
		    - creates, supports and maximizes synergy

Note. Adapted from "SEMPER and SCORE," by T. Graves, 2008, Colchester, England: Tetradian Books.

- Focus on creating customer-orientation in employees by influence rather than by primarily satisfying and motivating them.
- Incorporate marketing-like techniques.

Phase 3: Strategy Implementation and Change Management
- Focus on creating the awareness of organizational objectives and the employees' role in the strategies for achieving them.
- Focus on overcoming resistance to change and interdepartmental and functional conflict.

Employees of an organization develop their sense of what is important to the organization, in part, from the words and deeds of the top management. Levitt (1969, p. 244) asserted that the implementation of a marketing concept is facilitated by management sending "the right signals to the entire corporation regarding its continuing commitment to the marketing concept." Clearly, the approach to managing people recognizes that employees in an organization provide services or products to one another and are dependent on one another to perform their jobs effectively. As a result, the ability of an organization to meet its external customers' needs is a function of how clearly all the people are focused as they perform their respective jobs.

Conclusion

The Chatham Hotel has been regarded by many as one of the grandest hotels in New England during the late 19th century (Buckley, 2005). The hotel opened on June 20, 1890 by four wealthy businessmen from New England. Frances Hammons recalled this time as the "Elegant Era" of New England due to the large number of wealthy individuals who traveled for leisure (Wilder, 1969). Chatham, Massachusetts is located at the southeast tip of Cape Cod in New England. The hotel was managed by William Bates, who had been known to the public as having many years of hotel experience and worked with some of the most prominent hotels in the United States, both on the east and west coast. As Mr. Bates was browsing the business section of a newspaper, he was wondering if he should be concerned about any aspect of the Hotel Chatham operations. Due to Mr. Bates' vast experience managing hotels, he determines that an organization assessment be conducted on The Chatham Hotel. Let's assume that Mr. Bates uses ADR and RevPar to quantify the hotel's financial value, a qualitative approach, known as SCORE, is also used for the hotel. SCORE attempts to measure either a qualitative or quantitative assessment before and after applying a given strategy – which determines if the strategy actually worked. Since the hotel used brochures to market its features, the marketing mix needs to be examined which will need to include a 5th consideration of "people" into the mix to examine the hotel's overall performance. The Chatham Hotel eventually closed its doors for good in 1895. "The first few seasons were highly successful and the business was full of hope. After only four years, the hotel was closed and never reopened." (Zaremba & Jeanloz, 1999, p.112.).

Discussion Questions

Part One
- What is The Chatham Hotel value proposition and positioning strategy?
- How would you evaluate their pricing strategy? Estimate ADR and RevPAR.
- What key challenges do seasonal hotels face as a business model? Build your answers around three ideas: product, people, and profit.
- Based off of additional research, how would you evaluate The Chatham Hotel management strategy? (Note: Research should be conducted on lodging industry in the late 19th century)
- How has the lodging industry changed within the last 125 years? In addition, how have employee and guest expectations evolved over this time? Why or Why not?
- Why did The Chatham Hotel, constructed with substantial investments made by well-funded businesspersons, fail after four years?

Part Two
Answer the following questions by analyzing the organizational performance of The Chatham Hotel using the first four dimensions (SCOR) (Graves, 2008).

Time-Perspectives: Past and Present
Strengths
- What are the existing service and support capabilities and resources, potential for synergies?

Challenges
- What are the issues the hotel needs to address within the organization and in relationship with external stakeholders? What new services, capabilities and skills will be required?

Time-Perspectives: Future $_{1\&2}$
Options
- Can you identify opportunities and options for the hotel? What potential risks may arise from those opportunities and options?

Responses
- What responses should the hotel owners expect regarding the strategy or tactics from other stakeholders?

Part Three
Answer the following questions by analyzing the organizational performance of The Chatham Hotel using the fifth dimension (E) (Graves, 2008).

Time-Perspectives: Bridge Present and Future
Effectiveness
- How would you evaluate the project actions in the following areas?

SCOR DIMEN-SIONS	FIVE Ps of MARKETING				
	PRODUCT	PRICE	PLACE	PROMOTION	PEOPLE
Strengths					
Challenges					
Options					
Responses					

- *Is it Efficient?* – (e.g. maximized use of resources, minimized wastage of resources)
- *Is it Reliable?* – (e.g. predictable, consistent)
- *Is it Elegant?* – (e.g. clarity, simplicity)
- *Is it Appropriate?* – (e.g. supports the business purpose)
- *Is it Integrated?* – (e.g. synergy across all systems)

- Consider the Five Ps of Marketing - product, price, place, promotion and people . Apply the five marketing principles to the first four dimensions (SCOR) for The Chatham Hotel. Structure your suggested application according to the 'Effectiveness' dimension described in Question #1.