Airbnb strategic advisor and Modern Elder Academy founder Chip Conley explains how his relationships with community nonprofits helped him win a city development contract when he was running Joie de Vivre Hospitality. Building a reputation for generosity, he’s observed, can reap benefits when you least expect it.

Transcript

- So I call this Karmic Capitalism. What goes around comes around. So it’s been sort of a big part of my way of doing business for a long time and the story I’ll tell here is, there’s a hotel in San Francisco called the Hotel Vitale. It’s on the waterfront, it’s across the street from the Ferry Building, it’s on city land and back about 20 years ago, we were competing with four other developers to build a new hotel on city land. And we were competing, the big gorilla in this match was Kimpton. Bill Kimpton and his company Kimpton Hotels, which ultimately became the largest boutique hotel company in the U.S. so we became the second largest and we were both in San Francisco. But 20 years ago, we were still a relatively small company. So we were competing with Kimpton and I’ll never forget when we were doing our presentations, we did our presentation, there were four of us, you know, it was a three hour presentation, we’re were like siked, oh, I think they really liked us. And we came down the elevator and when we got to the ground floor, the person who was right in front of us as the door opened was Bill Kimpton and 16 people on his staff who were there to actually do the presentation.

And we’d been so excited, it was like, oh shit, they’re gonna win. They’re the big guys. He’s got a lot of money. We don’t have a ton of money. But long story short is Karmic Capitalism ruled. Now, it was a process where there are a lot of different opportunities to have the citizens of San Francisco speak up about who should do this hotel. And the guy, Mike Casey, who ran the hotel union in San Francisco spoke up on our side instead of on Kimpton’s side. But more importantly, because we had done a lot of things with local nonprofits, like we were actually part of our, part of the thing we did with our general managers is we didn’t just judge our general managers based upon profitability and market share, and employee and customer satisfaction, we actually judged them and actually evaluated them based upon how much money they gave away. Based upon nonprofit groups using our meeting space and hotel rooms as a in kind contribution. So what happened, without us even knowing, and we did something called the Celebrity Pool Toss, which was a fundraiser for kids in the Tenderloin, and something called the Hotel Heroes Award, which was like the Oscars for line level employees at hotels.

So we certainly had the Karmic Capitalism momentum behind us, but it was sort of hard to toot our own horn. Well what ended up happening is one of the nonprofits in town, the Tenderloin Neighborhood Development Corporation, TNDC, went out and they got a dozen other nonprofits to come together and write a letter and talk about what kind of influence we had had as a company on the San Francisco nonprofit scene. And at the end of the day, what we were told, is even though we offered less money than Kimpton did for this 55, or 65 year land lease, they gave the contract to us for the long land lease because of that reputation.