



OLIVER WINTER:

MY STORY OF a&o HOSTELS

It's an interesting year. As you know, we are celebrating the 30th anniversary of the fall of the Berlin Wall in Germany. It is particularly poignant for me because I was there. Not for the tearing down the wall for the cameras bit. No. I was a 13 year old who lived 15 kilometers away in the East whose life was transformed in November 1989.

I left my own school within months and 'crossed over'. It felt weird. I entered a school „in the West“ and felt like a stranger in a strange land. A few others joined me and we stuck out like sore thumbs. We looked a bit different, sounded different and, well, we were different. But in good ways too: as East Germans we were so much smarter in math and science!

One small step for man...

You know that quote from Neil Armstrong in 1969 when he landed on the moon „one small step for man, one giant leap for mankind“. Well that was kind of how it was for me personally. Those years that I took at small step from the East...well 15 kilometres daily...not so small. It meant a huge leap for me as a person. It opened my eyes to possibilities to wanting to explore and to not stopping that exploration ever.

I loved to travel from a young age.

Before reunification I was very privileged because my father was a pilot so we had a few trips every year. We were special. But we never ventured (that was not allowed!) to leave the former Eastern Bloc. So, in my heart I wanted to travel the world as soon as I could.

So after school, national service along with my friend Phillip we took off. For a whole year on the lavish budget of 30 German Mark (today approx. 15 EUR) a day. For everything. That meant camping, street food wherever we were then booking into a hostel once a week for a shower and to do laundry. That's when I became intimate with hostels. By intimate, I mean it in every way. I learned what worked, what didn't and why and, yes: I am passionate about them. So, it is a weird intimacy!

The budding entrepreneur

When I returned to Berlin to start my studies at Humboldt University I had to support myself so had a part-time job in a beverage store. It sold everything from water, juices and soft drinks to liquor, beer and wine. It was a good business and I turned out to be rather good at it. So good, that I opened my own.

Meanwhile I wouldn't stop banging on about opening a hostel. My friend who travelled with me around Asia, Australia and New Zealand had a brother who loved the idea and wanted to be part of it. His name is Andreas so we named the business a&o after our good selves! Clever no?

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But the first a&o venture was 'The Bottle Butlers'... our beverage outlets. We were very good at this but our real passion was in the basement...our 'war room' mapping out the launch of a&o Hostels. We spent all our time doing research, drafting business plans, entering pitching competitions and even winning free coaching from the management gurus McKinsey. Their feedback: you guys are thinking too small. Scale up if you want investment.

Investors' appetite: anything tech not bricks n mortar.

I don't need to remind any of you about what investors wanted as the countdown to the new millennium was on: anything tech. BioTech, fintech...whatever. Bricks and mortar aimed at students and backpackers? Their eyes glazed over.

But investors come in many forms. Sometimes its friends and family. Well as East Germans there weren't any of those going so short after reunification. But what we did stumble across was an Angel Investor in the form of our own landlord. He was impressed enough with what we were doing with the beverage business but when we showed him the War Room for the Hostel Business he was stunned. And this was a guy who 'got' bricks and mortar. He had made his own small fortune developing and selling property...on time, to budget at the right price in the right location. And at 23 I needed a grown up's help, if I am honest. Just being in his company I knew I could learn so much from him.

My other partner 'A' or Andreas...bless him, had had enough by the time Michael Kluge wanted to invest. Andreas wanted 'out'...he was fed up with sleepless nights, debts and entrepreneurship. Today is he is a wonderful priest in Berlin, the Ironies of life.

The launch of a&o Hostels

So we launched our first hostel in Berlin in 2000. Thankfully, property was cheap then and we got to test things out...making the hostel business sustainable off-season attracting school groups and in high-season packing it out with backpackers.

ADD MORE HERE ABOUT THE PROGRESS BETWEEN 2000-2013.

Michael and I turned about to be a great team. Of course, there were tensions. There always are with partners but by the time we hit 2012/13 when we had 24 sites and at 15,000 beds he wanted out. And he was right. Not only was he out of puff...looking to retire.. but we needed a serious investor to help us scale, modernise, digitise.

That investor turned out to be TPG Capital in the human form of Michael Abel, a partner in their Real Estate Practice with a shrewd head for property but so intrigued by our model and this market. It took him two years to convince his global investment committee that a&o was a great bet and we signed on 2017. Together with TPG, a&o invested 30m EUR into the new design for all houses.



Going Forward

Some people have asked me, „haven't you had enough? Why are you still doing this?“ Anyone who knows me, who knows this business know that I am far from done. I am so passionate about providing new approaches to the hostel sector that we have completely revamped our original model for millennials and now are researching how we need to tweak things going forward in 5 or 10 years for GenZ. It's fascinating.

The answer for me is if you put your guests, your employees at the heart of what you do and you will always get it right. Listen to feedback, use that input to make your choices and decisions and let them know that you listen and you can only win. When 9 out of 10 guests highly recommend a&o as value as a great experience you know you are doing something right. But complacency is the enemy. And it is simply not in our nature, our culture or our plans for the future.

So, watch this space!

