



DEVELOPING THE NEXT-GENERATION ASIAN HOSPITALITY LEADER

Today, the Asia Pacific region represents one of the largest growth opportunities for the hospitality industry. According to the April 2011 Smith Travel Research Global Construction Pipeline Report, 1,167 hotels totaling 291,946 rooms are currently under construction in the region.

This development is not contained to luxury brands in destination cities; instead, the rapid growth extends to the building of hotels at all service levels and price points and in both destination cities and local markets. A looming constraint to these plans for expansion, especially in fast-growing markets, is the availability of talent at all levels, particularly the leadership ranks.

A DIVERSE HOSPITALITY LANDSCAPE

As companies seek to find the leadership talent they need in a competitive market, the challenge is exacerbated by the requirement for international corporations to maintain their brand standards while also understanding and addressing the diverse expectations of customers across different Asian markets.

“Each market within Asia has a very different customer,” said Jonathan Mills, vice president of sales and marketing for IHG’s Asia Australasia business unit. “The Thai customer wants to deal with ‘voice’ in customer service; in Japan the customer is happy with mobile phone booking; in Australia customers are comfortable with the Web. Asia is so diverse that we have to serve people with a lot more diversity in the channels and find the right one for the market. In EMEA, the channels are a lot more consistent.”

Companies active in the region also note differences between Asian and Western customers when it comes to overall service expectations and perceived customer experiences. “In our customer research, Western customers tend to give us higher service scores than Asian customers,” said Akiko Takahashi, executive vice president of human resources and corporate social responsibility for Melco Crown Entertainment, a Nasdaq-listed entertainment, gaming and hospitality company based in Macau. “The challenge is further increased when employees have a bias toward not providing the same level of service to Asian customers as Western customers. There are many debates as to the reasons, but regardless of why, training employees to be sensitive to Asian customers is essential, especially now given the number of intra-Asia travelers we serve.”

In response to these complex and unique market needs, the lodging industry is rethinking its approach to recruiting and grooming talent for the future. While many companies continue to rely on expatriates to fill senior roles, most are striving to quickly build a cadre of local talent at all levels.

DEVELOPING LOCAL TALENT

“In India, we tend to hire locally and want to develop from within,” said John Paul Woolley, area director of sales and marketing for India, Malaysia and Maldives for Marriott International. “The growth is so explosive that we can’t rely solely on organic growth in terms of our talent and development program for now. But we are aggressively seeking to bring down the number of ex-pat employees year over year. One of my goals in this role is to replace myself with a local at the end of my term.”

Focusing on local talent helps hospitality companies to both meet their short-term talent needs and to better position themselves to attract superior talent over the longer term. “In Macau, the competition for local talent is intense due to foreign quota issues. Being recognized as the company that is seriously committed to development and promotion of local talent provides a competitive edge,” said Takahashi. “50/2010 Action was our commitment to have over 50 percent of management staff be local by 2010. This program started in 2008, and today, we have exceeded our goals. We started the first and only in-house learning academy in Macau, and have had 4,000 internal promotions to date since starting in 2006. We aren’t shy about letting the community know of these achievements through branded campaigns.”

According to Takahashi, Melco is also focused on providing cross-functional opportunities to develop more generalist knowledge as a long-term investment in talent. “Short-term, it provides a sense of growth and learning,” she said. “There are various ways to achieve this cross-functional generalist perspective, from temporary assignments to short-term projects to full-on position placements. Research indicates that training and education contribute 20 percent to a person’s growth; 80 percent of growth comes from actual job learning. Forced growth — placing individuals in situations where they risk failure — is one of the most effective ways to develop leaders, as it develops fortitude, conceptual and abstract abilities, adaptability and humility. But it requires a strong mentor in place to make it work.”

The sheer pace of growth occurring for hospitality companies also requires them to promote talent quickly, both to meet expanding leadership needs and to enhance employee retention in a very competitive labor market. “In a normal environment, we would look at a three-year window to move talent into the next role,” said Mills. “But in some of our markets like India or China, that window looks more like 18 months. What we are doing often is getting an ‘outsider’ from outside Asia but from within IHG into tough roles, and appointing a strong local ‘stretch up’ below them as a succession plan.”

Mills noted that while the company is focused on building strong local talent across all markets, it also sees a difference between markets in terms of how successful ex-pats tend to be. “It tends to work better in markets like Singapore or Hong Kong that are more melting pots than in places like Tokyo, India, Thailand and China, which are much more local.”

Leaders such as Mills and Takahashi additionally stressed the importance of building bench strength in an environment where even providing ample growth opportunities and a strong employee brand are sometimes not enough to ensure retention. “If we look at our employee engagement scores,” said Mills, “we have a 99 percent ‘yes’ to ‘Are you proud to work for IHG?’ That said, employees will walk across the street for 20 percent more money. Brand is not always a winner in such a mindset.”

THE QUESTION OF OUTSIDE TALENT

As they seek to meet fast-growing leadership needs, companies are even turning in some cases to executives from outside the industry in what has traditionally been a very insular sector. “In some areas, such as marketing, there is no way we can have or develop adequate homegrown talent from our hotel teams,” said Rattan Keswani, president of India-based Trident Hotels. “What we do instead is pick up people externally from that field, typically from fast-moving consumer goods and multinational companies. We do the same for all junior roles in finance, since there is a lack of homegrown talent in that function too.”

But some leaders find it difficult to transition executives from other industries even into these functional roles. “We’ve tried it a couple of times in the past, and it didn’t pay off,” said Woolley. “If it does succeed, the ramp-up time for the individual is so long that your business suffers in the interim. Even getting someone from another hotel company to understand how we operate is a challenge — and that challenge is doubled or tripled with somebody coming from a different industry altogether.”

Even leaders such as Keswani who select transferable talent for specific roles feel it’s important to stay within the industry for critical operational roles, and place a strong focus on developing a talent pipeline for those positions. “We feel comfortable because 90 percent of our heads of hotels are from within the group,” he said. “It automatically creates a cultural consistency that doesn’t come from a manual, but from having grown in the system, almost as a kind of religion. These values and processes form the core of our personality and create a knowledge base, whereas it’s hard to deliver in a consistent way if you frequently recruit from outside and have to amalgamate from different operating service standards and cultures.”

ATTRACTING THE STUDENT POPULATION

With an eye to both short-term and long-term needs, hospitality companies are also stepping up their recruiting efforts on campuses in the fastest-growing regions. IHG currently works with partner educational institutions across nine provinces in China to provide a cooperative hotel management curriculum. The company invests in curriculum development and practice facilities, has its executives join faculty in the classroom, and provides internships and full-time jobs after graduation.

It has also embarked on similar partnerships with vocational schools for technical roles like engineering to provide the dual benefit of creating a hiring pipeline and reinforcing the company’s commitment to the local market. Other companies have similar relationships with universities in China. In early 2009, Hyatt opened a 500-key hotel on the campus of China University to help train a future generation of lodging leaders. Students work alongside Hyatt associates and management to run the property, which is a fully functioning hotel with a conference facility serving the university and surrounding areas.

While historically the hospitality industry has been a less attractive career path than some industries for many of the best-and-brightest graduates, its stature is growing because of its fast growth, global footprint and the opportunities to advance into multifunctional general management roles at an earlier age. Lodging companies are working to overcome negatives, such as the industry’s reputation for long hours, by highlighting its pluses, including the complexity of the business and the career growth opportunities. This is important in emerging markets where talented people expect to advance quickly.

“In today’s hotel business, young people are not willing to wait for 10, let alone 20 years to be promoted or work their way up the ladder. They want a faster career progression than the previous generations. They are highly educated and can learn the business quickly,” said Larry Tchou, managing director of Asia Pacific for Hyatt International.

“We are aggressive campus-level recruiters, and have made the entry roles and career progression much more attractive from a work and lifestyle perspective compared to the traditional industry approach. We need to do so to compete for the best students,” said Miguel Ko, chairman and president of Asia Pacific for Starwood Hotels & Resorts Worldwide. “What we do is modeled after what the blue-chip companies do with their on-campus hires for management training programs. We are accelerating the development time lines so people can move into roles that are challenging for them as quickly as possible to keep them interested. This is resulting in very different general managers, those with stronger business skills, but sometimes weaker on operations and details.”

In addition to accelerating promotion times, just as they are doing with other local talent, companies are likewise providing college graduates with mentors and cross-functional opportunities. “It is essential that we have effective mentoring relationships to accelerate an individual’s development as well as stimulate their interest in their career path,” said Martin Rinck, president of Asia Pacific for Hilton Hotels Corporation. “With more hotels currently under development than in operation, our fast-track career development program for the company’s high-potentials, which we call Hilton Elevator, creates a positive, high-energy culture, which in turn helps to attract future talent.”

Hilton now recruits elite university graduates into a three-year program that rotates them into different roles, according to Ian Carter, president of global operations for Hilton Hotels Corporation. This rotation exposes them to all aspects of the business at the property and the regional levels and includes a mentoring component. The individuals who do the best in this program are given management roles and opportunities to advance up the ranks. Hilton also offers broad-based training with more than 5,000 distance e-learning courses taught in 10 languages to supplement on-the-job training. Utilization of this supplementary training is expanding rapidly.

THE GLOBAL IMPACT OF ASIA’S GROWTH

Another important development tool is giving high-potential leaders in local markets the opportunity to get experience in headquarters or in other regions. “This can be a challenge to do both for the company and the individual and their family, but it is an excellent development experience in developing diverse leadership skills,” Ko said.

This opportunity can provide valuable experience for leaders in an increasingly global world. As companies seek to expand in Asia, they realize that the rest of the hospitality industry also figures to become more Asia-centric in the coming years. As Asia’s middle class continues to grow, Asian travelers will also account for a growing share of visitors to other regions.

While companies are also investing in other markets, there is no doubt that Asia represents the most potent opportunity for the hospitality industry in the coming years. With both an underrepresentation of hotels and a burgeoning middle class, these Asian markets hold potential for tremendous growth. Those companies that are most successful in the war for talent will be the ones to harness that growth potential most effectively.

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