



Keeping Pace

The Future of Travel Distribution Leadership

Digital transformation has revolutionized the travel distribution industry, bringing it from the era of paper itineraries to an age when nearly three-quarters of travel transactions originate via mobile devices. This change has had a major impact on travel distribution companies, which must incorporate rapidly evolving technology while staying abreast of competitive dynamics and ensuring they are nimble enough to pivot quickly within this dynamic environment.

The rapid pace of change and high degree of disruption within the industry have raised the stakes for these companies, which are divided into two groups: those that serve consumers and those that serve companies providing data for business travelers. Many of these companies were initially disruptors themselves because of their ability to collect and interpret travel data. Now, customers — be they leisure consumers or business travelers — expect to have the ability to personalize every component of their travel experience in real time from their mobile device, from flight times and pre-ordered snacks, to rental car model, to preferred type of pillow and direction their hotel room faces.

It's not enough for a travel company to simply have relevant data; travel information must be presented in a user-friendly way that differentiates the organization's offering and provides a smooth consumer experience.



With this dynamic environment as a backdrop, one question comes to mind: what does the future hold for the next generation of leaders in travel distribution? To gain insight into the challenges — and opportunities — that will likely face travel organizations in the coming years, we conducted interviews with top global travel distribution executives. They discussed priorities that will be increasingly important to address amid the disruption, such as:

- » Shifting cultural dynamics
- » Supporting more fluid organizational structures
- » Changing leadership and talent requirements

ORGANIZATIONAL CULTURE MUST ADAPT TO CHANGING EXTERNAL DYNAMICS

Today's new industry environment requires a change in organizational culture, and leaders must now engage and motivate a broad range of employees who have vastly different experiences and expectations.

"Your cultural transformation has to provide clarity and focus for the entire organization," said Doug Anderson, CEO of American Express Global Business Travel. "People in traditional bricks and mortar organizations have been answering phones for 25 years. Now, they're part of an organization that's radically shifting toward digital platforms and a new generation of workers. You can't talk to them in the same way, pay them in the same way, house them in the same way. So how do you pull all of that together?"

For some leaders, thoroughly instilling the culture means explicitly stating and enforcing the organization's cultural goals and values.

"I started by creating a values-based culture. I rolled out seven values, and every organization may choose different values, but they're the values you're going to use to run the company," said Larry Kutscher, former CEO of TravelClick. "Our values include integrity, being customer-focused, teamwork, global thinking and passion. And we said, 'This is what we value here."

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KURT EKERT
PRESIDENT AND CEO, CARLSON
WAGONLIT TRAVEL

That means if you want to get promoted here, you'd better demonstrate these things. If you want to get a better bonus, you better demonstrate them.' I think by making that clear and explicit, it really sets the path for everything else you do from an HR and culture point of view."

Often, changing the culture to be more nimble and digitally focused requires an infusion of new talent: "I was very fortunate to inherit an organization that already had a significant amount of talent and a solid culture," noted Kurt Ekert, president and CEO of Carlson Wagonlit Travel. "But we lacked know-how around data, hotel distribution and creating a multichannel user experience. So we had to augment our talent with people from consumer travel, e-commerce and technology companies. We're at a point now where, of our top 100 executives, more than half weren't here when I arrived at the company in 2016.

"That doesn't mean the talent wasn't good," Ekert continued, "but the skill sets and intelligence that we needed in a world that is more digital, and is more technology-led, were different from what made us successful for many years."

ORGANIZATIONAL STRUCTURE MUST BECOME MORE HORIZONTAL

In the past, digital was seen as its own function, collaborating with other established parts of the organization when necessary. Going forward, digital and data-led thinking must be a key part of any forward-looking strategy and embedded in a uniform way throughout the organization.

"We need to operate as a platform, both internally and with our partners — we need to have the ability to collaborate and communicate in a seamless way," said Ariane Gorin, president of Expedia Partner Solutions. "For instance, we need technical teams working together with business teams, without barriers."

Leaders suggested the digital divide can break down along experiential lines; in other words, seasoned leaders tend to be less experienced with digital and its possibilities than newer employees. This can create issues because of the difference in influence between the two groups, meaning decision-making abilities and thought leadership need to be more democratic and not solely the purview of C-suite and senior executives.

"Innovation is often delegated too far down in traditional organizations," said Lily Cheng, board member at Swire Properties and Hotelbeds, and former president of TripAdvisor APAC. "The disconnect with the overall

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BOARD MEMBER, SWIRE PROPERTIES AND HOTELBEDS
FORMER PRESIDENT, TRIPADVISOR APAC

strategic agenda of the business, as well as insufficient authority at the lower levels to mobilize resources, often stifles progress. Engagement from the C-suite, or even the board level, is critical to innovation.”

Indeed, discussions about leveraging technology to drive a differentiated strategy need to be integrated throughout the organization, which both increases the likelihood of innovation and creates a feeling of empowerment in the workforce.

“Look at social engagement in business — it’s changing from the historical hierarchical approach to more of the egalitarian way that sharing occurs in society today,” said Gordon Wilson, president and CEO of Travelport. “It used to be that information flowed downward through the chain of command. Now, there’s the expectation that information will flow horizontally and across all levels.” The growing popularity of collaborative tools such as Yammer and Slack illustrates the relatively unrestricted flow of information across organizations.



ORGANIZATIONS MUST CONSIDER LOOKING EXTERNALLY FOR INNOVATIVE LEADERS

To stay abreast of new digital advances, travel companies need innovative leaders who understand how technology can help further strategic goals and incorporate data and analytics to lead the organization forward.

“New leadership must be deeply comfortable with data in many ways: some uses include product design, driving consumer interactions and helping decision-making flows for clients and customers,” Wilson said.

The need for a wide breadth of perspectives means organizations must be fluid in their leadership expectations. For instance, travel companies may start increasingly to look outside the industry, whereas the previous norm had been to seek leaders with specific travel industry experience.

“The new business segments require people with innovative ideas on business models. That type of talent is difficult to find within the traditional travel industries,” said Maria Zheng, CEO of Jinjiang Travel Shanghai. “Talent from other sectors, such as consumer goods and retail, could be helpful.”

For his part, Anderson noted that he seeks people who have uncommon backgrounds, a notable departure from solely hiring like-minded leaders: “An important part of our digital strategy is bringing aboard people who have an entrepreneurial background and giving them space to operate, and then figuring out how to hold onto them. We’re bringing in more people who have different perspectives, and we must accept that they often don’t come from the same model as people we’ve been hiring in the past. So when we look at a CV, we say, ‘I accept that it’s different, and that’s why I’m interested.’ As opposed to, ‘Oh, this candidate has moved around a lot.’”

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CEO, JINJIANG TRAVEL
SHANGHAI

Changing consumer demographics also mean travel leaders must be culturally aware and ensure their organization reflects a broad array of backgrounds and interests.

“Our clients can be very diverse — for instance, 30 percent of our Club Med customers come from Asia Pacific, with the majority from mainland China, 45 percent come from Europe, and the rest come from North America and South America,” said Andrew Xu Bingbin, managing director of Fosun Group. “As a result, our leaders and employees also have to be very diverse to meet our customers’ requirements.”



CONCLUSION

It's an exciting time for travel distribution companies, but it's also extremely difficult. The pace of change has quickened exponentially, and expectations have increased dramatically. It's a bigger, faster world, and everything from technological innovation to consumer demographics to workplace culture is affecting the travel distribution industry.

As a result, companies — and leaders — must be able to adapt, move quickly, pursue new strategies and keep pace with an evolving environment. Change must be made from the bottom to the top, from the breakroom to the boardroom. The stakes have never been higher, but at least leaders know the potential effects of standing still: those who are best prepared for it will thrive, and those who aren't will be left behind.

INTERVIEW SUBJECTS

Doug Anderson

CEO, American Express Global Business Travel

Andrew Xu Bingbin

Managing director, Fosun Group

Lily Cheng

Board member, Swire Properties and Hotelbeds
Former president, TripAdvisor APAC

Kurt Ekert

President and CEO, Carlson Wagonlit Travel

Ariane Gorin

President, Expedia Partner Solutions

Larry Kutscher

Former CEO, TravelClick

Gordon Wilson

President and CEO, Travelport

Maria Zheng

CEO, Jinjiang Travel Shanghai



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