

Leading Amid Uncertainty

Essential Attributes for Hospitality and Leisure CEOs Now and in the Future

The hospitality and leisure industry is experiencing rapid transformation, demanding that CEOs evolve their leadership approach to meet new challenges. Economic volatility, geopolitical fissures and other factors are shifting consumer behaviors and spending patterns. These trends — along with transformative technology and shifts in the labor force — all create new challenges and opportunities for hospitality and leisure CEOs, who must adapt and grow beyond the skills that have served them in the past.

To better understand how the demands of the top job are changing, we spoke with 10 CEOs representing the leading hospitality and leisure brands worldwide. This report follows our broader [CEO of the Future](#) analysis of the evolving CEO profile in light of macro shifts in the business environment. The conversations we had with hospitality and leisure CEOs underscore the significant challenges that leaders face, along with five specific attributes that CEOs in the hospitality sector need to succeed today and into the future.



An industry in transition

Despite macroeconomic uncertainty in many markets — and growing unease among consumers — the long-term growth outlook for the industry remains favorable. GDP growth in many markets is positive. Many developing economies have fast-growing middle-class populations, with increasing disposable income and a demonstrated willingness to spend on dining and more broadly across the travel ecosystem. For the leaders in our sample, a powerful lesson from the pandemic is the deep-rooted need among people to travel and connect with others in-person — both for work and for leisure.

Megatrends reshaping the hospitality and leisure industry

- » **Changes in the workforce.** Labor dynamics are leading to a redefinition of the workforce, increasing reliance on automation and technology and providing more flexible staffing models and a greater focus on employee well-being to attract and retain talent.
- » **Softening demand.** Increased economic volatility is affecting dining and the travel ecosystem. Increased nationalism is causing some travelers to stay closer to home — or suspend trips altogether — while economic uncertainty is affecting consumer confidence and pushing some restaurant brands to delay investments in expansion.
- » **Sustainability and eco-friendliness.** Hotel and restaurant brands are increasingly adopting sustainable practices such as reducing plastic use, minimizing waste, sourcing local products and implementing energy-efficient systems to minimize their environmental impact.
- » **Personalization and customization.** Businesses are leveraging data and technology to drive customer-centric offerings, including developing personalized guest experiences. For example, hotels are using data and customer feedback to personalize services, menus and recommendations. Many restaurants are enabling greater choice over menu options and providing more information about the origins of and ingredients in their food.
- » **Technology integration.** Leading companies are leveraging technology to enhance customer experiences. This includes mobile apps for reservations, mobile check-in, online ordering, self-service kiosks, contactless payments and the use of AI for personalized services.
- » **Health and wellness.** The emphasis on health is reflected in the rise of wellness programs, fitness facilities, active travel options and healthier dining choices.
- » **Experience-driven offerings.** Demand is growing for unique and memorable experiences, including themed stays or dining, local tours and educational opportunities.

At the same time, the industry faces major shifts. A younger workforce is less willing to stay in a given job for long. Immigration issues in many markets compound the challenge of hiring and retaining front-line workers. Inflation and pricing pressure are squeezing operating models. Technology is fueling new capabilities and forms of competition — particularly in the restaurant industry, where new business models can emerge quickly to capture consumer demand. And consumers have higher expectations when they dine out or travel. Hotels, for example, are adding features like mobile check-in, contactless payments and smart room features. Many restaurants are adapting menus to incorporate more global flavors and changing operating models to meet the growing demand for takeout and delivery. A key challenge for organizations is to improve their ability to anticipate and adapt to these changing customer expectations, which is fueling an evolution from operations-centric leadership to customer-centric leadership.

Five attributes for hospitality CEOs of the future

The changing industry landscape requires CEOs to build skills and capabilities in new areas to succeed in the future. Notably, these are mostly outside the realm of traditional business expertise, which is increasingly a table-stakes requirement. Instead, these are intrinsic, “beneath the surface” qualities that underlie adaptability and future potential.

1. Ability to manage the flow of information

A consistent theme in our discussions was the need to manage information and separate signals from noise. In some cases, the sheer number of stakeholders providing information to CEOs can be overwhelming, making it tough to discern where CEOs should focus their attention.

One approach that CEOs use is to gather information from all levels. “It’s important to be comfortable getting into the details sometimes,” says Elie Maalouf, CEO of IHG Hotels & Resorts. “You have to operate at 3,000 feet most of the time, but I think of it like a helicopter, dropping down to 3 feet so you don’t lose touch with what’s going on. Just sitting down with some employees, getting coffee or lunch, and asking them what they’re working on and what they’re thinking about. That motivates people because you’re showing a genuine interest in what they do. But you’re also learning, in a way that helps you make smarter decisions for the business.”

Leaders also need to stay close to customers and other key external stakeholders. “Listening to your customers and stakeholders is critical,” says Kelli Valade, CEO of Denny’s Corporation. “In a highly franchised organization, that means listening and reacting to a lot of owners and investors. They have a ton at stake — it’s their livelihood — so hearing them and reacting, while still doing what’s right for the brand and the guest is critical.”



2. Comfort operating amid uncertainty

As the volume of information and market signals increases, some CEOs may be tempted to hold off on making decisions until they have the complete picture. But that's an unrealistic expectation. Given the pace of change in business, by the time a complete picture materializes, it's already too late to act on it. Instead, CEOs and other senior leaders need to get comfortable with uncertainty and expect to make decisions based on partial information.

"You have to get comfortable knowing only 70% or 80% of what you want to know," says John Peyton, CEO of Dine Brands, which franchises IHOP and Applebee's brands worldwide. "That can be really hard for some people, particularly in an era when there's so much data available."

One approach to managing uncertainty is to make plans with the full expectation that they will need to be adapted over time, as new information becomes available. It's been said that "plans are useless, but planning is indispensable." In other words, the value comes from the planning process itself. By anticipating a wide range of scenarios and contingencies, CEOs can develop a plan and have the capabilities in place across the leadership team and board to adapt that plan when circumstances change — as they inevitably will.

Strategy should serve as the compass for planning and the necessary adjustments. "Planning is important, but you have to be clear about what your strategy is," says Mark Hoplamazian, president and CEO of Hyatt Hotels Corporation. "All the adjustments, decisions and pivots that you make along the way keep you on a vector toward value creation and toward fulfilling your purpose as an organization."

3. Technology savvy

Technology can exacerbate the information-management challenge, in part because new technologies tend to accelerate the flow of all information (both good and bad), and because the technology itself is changing all the time. "Big technology developments consume a huge amount of time," says Chris Nassetta, CEO of Hilton Worldwide. "You need to be really deliberate about what matters and what doesn't, so you can distinguish a shiny object from things that really matter. I think really good leaders have a well-honed filtration system in place, so they can deal with a massive amount of reverberation and noise in the system, lift up above it and be able to see a path forward."

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Amid competing tech priorities, AI and personalization are at the top of the agenda for most hospitality and leisure CEOs. Fiona Eastwood, CEO of Merlin Entertainment, an operator of theme parks and other attractions worldwide, looks at these technologies through the lens of rapid ROI. “One of my big priorities is to modernize through a digital transformation,” Eastwood says. “That entails making sure we have the data we need to deliver AI in a coherent way. We’re also focused on using digital to improve the guest journey and to better understand our guests.”

“Not every leader needs to be a technologist,” says Laurent Kleitman, group chief executive of Mandarin Oriental Hotel Group. “But the CEO of the future must understand how companies can use digital tools — from AI-driven personalization to operational automation — to enhance the guest experience and improve overall business performance.”

4. Balanced perspective in an “always on” environment

CEOs get input from everywhere — much of it critical. They are always in the spotlight, and they need to manage stakeholders in a more vocal and volatile environment. “Leaders today need to be thicker-skinned and more courageous because in today’s world, everything is so transparent and there’s constant feedback coming at you from 50 different directions,” says David Gibbs, CEO of YUM Brands.

The challenge is not getting caught up in that feedback. Many leaders have focused explicitly on managing their reactions — especially regarding setbacks and disruptions. “I’m less reactive today than I was when I started,” says Hyatt’s Mark Hoplamazian. “When I took over, every wrinkle in the demand curve, every deal we lost used to upset me to distraction. My reaction would be: what the hell happened here? But Jay Pritzker, Hyatt’s founder who I had the honor of working with at the beginning of my career, had an amazing capacity to wear life lightly, and I really learned that from him — not laser-focusing on something and having that dominate your emotional reactions. Not trying to do triple-backflips to get something done. It’s a way of letting things go, so you don’t remain too plugged-in and too wound-up, because that translates into stress and harsh language to your team.”

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5. Emotional intelligence and empathy

In the past, CEOs in all industries could operate like field generals, issuing orders and expecting that they would be followed based on sheer authority. Today, that's no longer the case. CEOs still hold their organizations accountable for results, but they do so by listening far more, building alignment and empowering their teams. In short, they need to rely less on the inherent authority of the corner office and more on empathy, humility and vulnerability — qualities critical for leading with an empowering style. In addition, they need strong emotional intelligence and social awareness, so they can take in various perspectives and determine how best to engage others. These traits are even more important in a people business like hospitality.

"The world had never been so volatile, uncertain, complex, ambiguous," says Laurent Kleitman of Mandarin Oriental Hotel Group. "Emotional intelligence has become non-negotiable. Hospitality is and will remain a people centric industry — not just in how we serve our guests, but in how we engage with our colleagues and lead our teams."

"I think that's paramount to anything else my leaders can do today — just take care of each other," says Denny's CEO Kelli Valade. "That doesn't mean you don't do really hard things and make tough decisions. I still need my leaders to focus on the brass tacks of getting things done in business. But that goes along with showing heart and compassion for others."

"Earlier in my career, probably not unlike many early leaders, I was a very hard-driving, know-it-all kind of leader," says Lisa Lutoff-Perlo, former president and CEO of Celebrity Cruises and CEO of LLP LLC. "When I transitioned into operations, that was the beginning of a real evolution for me. On the ships, you have 20,000 employees, all away their families and friends for months at a time. I realized I wanted to be a different leader. I wanted people to feel that they were valued, and that we genuinely cared about them and their well-being. If you aspire to be a leader that people want to stay with and follow, and if you want to get the best out of your people, you have to develop and practice empathy. I think that's the secret sauce to being a successful leader. I know it was mine."

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How boards can support CEOs right now

In Spencer Stuart's global *Measure of Leadership* survey, only 22% of CEOs report receiving effective board support to navigate a rapidly changing business environment, and just 43% of boards say they are providing such support. As volatility increases, that support from boards will only become more critical. Our discussions with hospitality and leisure CEOs highlighted some specific areas where they would like more support from boards, such as thought partnership and specific expertise to navigate changing market conditions. Boards have a clear responsibility for oversight, but directors also see value in balancing oversight with support.

- » **Keep an even keel.** Businesses are going to experience ups and downs. In a crisis, CEOs want to know that the board has their back and can collaborate to solve problems. Intense emotional reactions can get in the way of that process. "I've been on boards where directors freak out," says one CEO. "These are big, complicated businesses, and things go wrong. In the heat of moment when you have crises or issues, you need your board to stay calm and help you think it through it."
- » **Stay out of the operational details.** Above all, CEOs want boards to stay within their traditional mandate of providing strategic guidance and oversight, and evaluating CEO performance. "Hold me to results, raise issues when it's appropriate, but give me the space to operate," says one CEO.
- » **Avoid overwhelming CEOs with a flood of new ideas.** "Boards want two contradictory things," says a CEO we spoke with. "They want you to focus on the most important things and not get distracted. And they also want you to consider all these other ideas they just heard about or used to do at their previous company. I'm always happy to hear ideas, but let's distill them very quickly and figure out if those are actual priorities."
- » **Do your homework.** "You need to understand the business if you want to contribute and support the CEO," another CEO advises. "I've been involved in boards where people didn't read key documents and didn't do the tutorials and the onboarding because they didn't think they needed it. But the reality is they don't know very much as a result, and they're not as helpful to the CEO as they could be."



Looking to the future: how hospitality companies are developing the next generation of leaders

Even as the traits and skill sets of successful CEOs are evolving, companies are also changing how they build leadership pipelines for the future. That includes how they assess and develop talent, along with the skills they seek in leadership candidates.

“I look for mindset rather than skill set,” says David Schelp, CEO markets + airline for TUI Group, the world’s largest integrated tourism business that operates hotels and resorts, cruise ships, tour operations and airlines. Others agreed with that approach.

“Courage is the hardest thing to hire for and in the end, maybe the most important skill,” says David Gibbs at YUM Brands. “I look for people who aren’t afraid to talk about their failures. If you’ve got an otherwise great candidate who’s a self-protector and always says that everything’s great and they never really failed at anything, that’s a massive red flag in the interview process. But if you have a person who’s willing to own their mistakes and talk about what they learned and why a particular risk was a good risk, even if it didn’t work out — and without blaming everybody else — those are signs of a courageous leader.”

To develop a robust internal candidate pipeline, many CEOs prioritize working with promising executives and providing structured support for their development. “I try to create a learning environment, where it’s safe for the senior teams to talk with me and explain what they’re thinking,” says Chris Nassetta at Hilton. “If I don’t agree with their approach, I don’t just overrule them. I take the time to give them the context and explain why we may want to go in a different direction. I never want to create an environment of fear where they won’t share information or ask for help.”



The job of CEO continues to become harder because the context in which businesses operate is now dramatically more complex and dynamic. That's no less true for CEOs in the hospitality and leisure industry, amid a changing macroeconomic and geopolitical landscape, the rise of transformative technologies, and shifts in customer expectations and the labor force. Given the shift to customer-centric operating models, some companies may recruit CEOs from related industries, such as retail or beauty.

In this environment, the most successful CEOs in the industry will create lasting success by empowering their teams and organizations and ensuring that they have the right people in the right roles with the right skills — along with developing a robust talent pipeline. Above all, top CEOs will remain agile in the face of change while keeping the customer experience at the center of everything they do.



Interview participants

Fiona Eastwood, CEO, Merlin Entertainments

David Gibbs, CEO, YUM Brands

Mark Hoplamazian, President and CEO, Hyatt Hotels Corporation

Laurent Kleitman, Group Chief Executive, Mandarin Oriental Hotel Group

Lisa Lutoff-Perlo, Former President and CEO, Celebrity Cruises and CEO, LLP LLC

Elie Maalouf, CEO, IHG Hotels & Resorts

Chris Nassetta, CEO, Hilton Worldwide

John Peyton, CEO, Dine Brands

David Schelp, CEO Markets + Airline, TUI Group



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