



FOUR LEADERSHIP CONSIDERATIONS TO MAKE YOUR HOTEL BUSINESS MORE SUCCESSFUL IN ASIA

- The Asia Pacific region represents one of the largest growth opportunities for the hospitality industry. According to the World Travel & Tourism Council (WTTC), tourism in Asia generates \$2 trillion — nearly one-tenth of the region’s GDP. The WTTC also reported that spending by corporate travelers alone was on pace to reach a record high of \$1.18 trillion globally in 2014, 40 percent of which will be coming from Asia Pacific. In order to seize the full opportunity in this rapidly growing region, many senior leaders of hotel companies need to reexamine how they view their leadership talent. Here are four leadership considerations for companies to help make their businesses in Asia Pacific successful into the future.

1. Recruit the right leaders.

This point is obvious, yet bears mentioning given the unique approach to recruiting talent that the Asia Pacific market requires. Most hotel companies, multinational corporations as well as emerging local players that are expanding internationally, are going after the same type of leader: an executive with the outstanding business and leadership skills combined with the ability to bridge the two cultures of headquarters (HQ) and the local market. These extensive requirements narrow the talent pool significantly. In order to attract the best leaders amid such a short supply and fierce competition, companies need to do the following:

- > **Fit the job to the individual.** Don't design the job and find someone to fill it. That person may not exist or may not be available. Instead, it may be necessary to think in terms of multiple complementary roles rather than a single leadership position. For example, hire externally for a strategic executive who could lead the country's operations, and supplement him/her with a COO-type executive who might come from HQ or an internal promotion.
- > **Be prepared to go outside the industry.** To meet rapidly growing leadership needs, hospitality companies are now turning to other adjacent industries for what has traditionally been a very insular sector. In areas such as technology, marketing, human resources and finance, where there is a lack of local industry talent, some have pursued leaders from fast-moving consumer goods and multinationals in other sectors.
- > **Make the company as attractive as possible.** Companies that have a clear and deep commitment to the region perform better in this "war for talent." Industry companies have found that recognition as a company that is committed to the development and promotion of local talent gives them an edge. The attractiveness of the company can also be increased by delegating more decision-making responsibility at the country level, increasing the number of functions and the importance of the work being done in the country, and having the country head report to a senior level within the company.

2. Build a local leadership pipeline rather than relying on talent from HQ to meet unique market needs.

As hotel companies seek 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 very different customer dynamics that need to be considered, and also significant differences between Asian and Western customers when it comes to overall service expectations. Deploying new leaders from HQ every few years will make it difficult to fully understand and respond to these complex and unique market needs. We have seen the industry begin to rethink its approach to recruiting and grooming talent for the future, striving to quickly build a cadre of local talent at all levels.

3. Build Asia Pacific muscle in your HQ.

Gone are the days when multinational hotel organizations could view the region from afar and “let the local team deal with it.” Given the size, complexity and global aspirations of domestic companies, MNCs need to have senior, trusted executives at HQ who have on-the-ground Asia region experience. When MNC leaders lack confidence in their own knowledge of the market, it can slow down decision-making. Much time can be wasted persuading HQ executives to take actions that are clear to in-country leaders.

At the same time, another important development tool is giving high-potential leaders in local markets the opportunity to gain experience in the corporate office or in other regions. This opportunity can provide valuable experience for leaders in an increasingly global world. As Asia’s middle class continues to grow, Asian travelers will also account for a growing share of visitors to other regions, further reinforcing the importance of deploying regional knowledge at not only the HQ level, but across all regions around the globe. And, more broadly, Asia is poised to be the largest single region and will continue to have the most growth potential over the next 10 to 15 years. As a result, future senior leaders and even next-generation chief executive officers will likely need to have firsthand Asia region experience, a consideration that should be factored into succession planning and individual executive career paths.

4. Position the region appropriately within the organization.

Given the size of the opportunity, growth potential and long-term strategic significance, the region may be elevated beyond its current scale at some hotel companies. The region may report at a more senior level in the organization than its current contribution to the business might justify. This is appropriate for different reasons: perhaps because the market potential is huge, or because of the need to watch competitors that will be expanding to other markets.

Looking ahead

There is no doubt that Asia represents one of the most potent opportunities for the hospitality industry. However, many project that the local talent pool cannot keep pace with the region’s growth. Those companies that are best able to attract and groom talent will be the ones to harness that unprecedented market opportunity most effectively.

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