Travel 2025: What Do Today’s Trends Imply for Tomorrow’s Travel & Tourism Leaders?

Webinar – July 12, 2018
Leading today’s webinar...

Jerry Noonan  
*Spencer Stuart*  
Founder of Hospitality & Leisure Practice

Anthony Laudico  
*Spencer Stuart*  
Digital Practice Leader

Jeremiah Lee  
*Spencer Stuart*  
Leader in Organizational Culture Services

Rochelle Turner  
*WTTC (moderator)*  
Research Director
Agenda

» Overview of Spencer Stuart travel study

» What will the next generation of travel sector leaders need to win?

» The importance of organizational culture for travel organizations today

» How digital technology is transforming the travel industry and leadership roles

» How travel organizations can build the optimal culture, form and structure

» Q&A
Travel 2025: About our study

What’s Changing:

» The rapid advance of digital technologies

» The growing impact and scale of nontraditional travel markets

» Evolving shifts in customer and workforce demographics

What We’re Doing About It:

Spencer Stuart’s Hospitality & Leisure Practice interviewed leaders from the airline, hospitality and ground transportation sectors on the implications of these trends on their businesses and the capabilities required of upcoming industry leaders.
Travel sector highlights

**AIRLINES**
- Consolidation and improving fuel prices allow airlines to invest in **infrastructure** and **technology**
- Enhancing the “experience continuum”

“What makes the customer book with us is having more choices than other airlines are able to offer”
— AIRLINE EXECUTIVE

**HOTELS**
- More decision-making by those dealing directly with customers to compete with **sector disruptors**
- **Technology** is the biggest asset in the decision-making process

“...brands are going to have to have meaning to people, as well. Customers today are more discerning than ever before...”
— HOTEL INDUSTRY EXECUTIVE

**GROUND TRANSPORTATION**
- Driverless vehicles will transform the industry
- **Technology** is being used to reduce/retrain work forces to increase efficiency and decrease costs

“... we’re seeing real benefit in partnering with companies who can help us accelerate the development and deployment of features that improve – if not revolutionize – the customer experience”
— MOBILITY COMPANY EXECUTIVE

**TRAVEL AND TOUR OPERATORS**
- Tour operators are now empowering travelers in pre-and post-purchase selection, utilizing **technology** to create an opportunity to enhance the customer relationship
- They are also starting to enhance the **actual tour experience** so that when customers arrive, **technology** brings new features and possibilities to life throughout the tour

Travel companies will use technology and customer data to “tailor the offering to the exact needs of the customer – even when the customer doesn’t know yet what he needs.”
— TRAVEL COMPANY EXECUTIVE
What will the next generation of travel sector leaders need to win?

1. Being able to anticipate what’s next
   
   To be a great CEO, one has to “see things that aren’t obvious to the naked eye and understand the potential implications for the business model”
   
   – Hotel Executive

2. Taking a chance on new leadership opportunities to gain a range of experience
   
   “…you’re really interconnected, so you need to have executives who are experts in their area, but also are well-rounded enough to understand who needs to be in the conversation to make decisions quickly”
   
   – Hotel Executive

3. Analyzing and using data to accelerate the decision-making process
   
   “You need to let the data speak for itself and use analytical capabilities to identify opportunities that on the surface you wouldn’t necessarily know were there.”
   
   – Car Rental Executive

4. Being aware of and appreciating diversity
   
   “…we need to make sure our leadership and our workforce reflects the same level of diversity of thought and of makeup.”
   
   – Airline Executive

5. Grasping what drives a winning business culture, as well as being able to define a target culture and model behaviors accordingly
   
   “…failing fast, learning from it, then moving on is the big culture shift we really needed”
   
   – Car Rental Executive
Leading Change in the Age of Disruption
A Process for Change

1. Direction
2. Leadership and People
3. Conversations and Routines
4. Structure
Strategy and Culture

Culture is the **shared assumptions** that drive thinking, behavior and action within an organization.

A culture can be described by how the organization **responds to change** and how people interact and work together.

Spencer Stuart’s Culture Model
Adapting culture in an era to constant change

In a constantly and rapidly changing environment, it is imperative that organizations and leaders are able to adapt to disruption.

Traditionally, organizations have been able to adjust to a relatively stable market. However, in the age of boom or bust at the hands of digital transformation, organizations that are slow to change aren’t likely to perform.

Organizations that emphasize flexibility and encourage risk-taking and agility are those that are able to adapt and perform.
Culture Direction for travel organizations

Travel leaders should foster a culture that:

- Promotes cross-functional collaboration, communication and decision-making
- Encourages out-of-the-box ideas
- Welcomes risk
- Exceeds the rapidly changing expectations of the travel consumer

Successful travel leaders will shape a culture that embraces learning and flexibility, purpose and caring, moving away from cultures that emphasize safety, order and authority and rely on traditional hierarchies and processes.
Characteristics of digital natives in leadership

- Be **flexible and adaptable**, giving people freedom to innovate and allowing for individual styles and preferences of working.
- Encourage **experimentation** and the development of ideas within ‘safe’ environments.
- Champion the use of **digital tools and media**, and enable flexible working.
- Enable teams to flourish while problem-solving by providing a degree of direction and removing barriers and blockers to progress, such as duplication of work or overly-restrictive bureaucracy.
- Be **highly visible**, accessible and communicate frequently with all colleagues.
- Be **flexible and adaptable**, giving people freedom to innovate and allowing for individual styles and preferences of working.
- Be able to make **quick, analytics-based decisions**. Have the right team in place to deliver key insights when needed.
- Bring on board different parties and people with varied and diverse skill-sets to solve problems together.
- Provide **real-time feedback**, and make the time to celebrate individual and team achievements, whether one-to-one or as a team.
- **Leadership at all levels**
- **Decision-making**
- **Feedback**
- **Communication**
- **Collaboration**
- **Adaptability**
- **Tolerance**

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Five considerations for travel leaders in a digital landscape

1. Own data and associated analytics
   • Consider a Chief Data and Analytics Officer or group.
   • Marketing, guest experience and operations data will help define priorities and new opportunities.

2. Prioritize the customer experience
   • Consider a Chief Customer Officer who manages every touchpoint across every device and ensures the customer journey is compelling.

3. Focus on innovation
   • Meaningful adaptation to new technologies which focus on enhancing the guest experience.

4. Adapt to technology
   • All leaders across the organization need to adapt to the accelerating nature of technological disruption and innovation.
Digital Leadership Capabilities

In the digital environment, **three** capabilities stand out as essential in ensuring change agility and successful business outcomes.

- **Strategic Thinking**
  - Focuses on larger, longer-term issues, and creates plans and strategies to adapt to the rapidly evolving and shifting digital environment.
  - At higher levels, develops a strategy that conceptualizes and incorporates complex market issues and positions technology as a differentiator.

- **Collaborating and Influencing**
  - Creates enduring partnerships across barriers and external collaboration. Digital companies are more and more frequently working with unconventional partners to design solutions.
  - Technology crosses traditional organizational function lines, requiring greater internal collaboration to plan and execute.

- **Leading Change**
  - Aligns people and organizations around change. Challenges the way things are and adapts to the environment to anticipate disruption.
Where to find digital talent?


We see three broader pools of Digital and Technology talent. Understanding a client’s digital focus is imperative to ensuring they are looking for the right talent with the right capabilities to drive their digital agenda.
Organizational Conversations and Routines

To shift the shared norms, beliefs, and implicit understandings within an organization, colleagues must talk one another into the change.

Road shows, listening tours, and structured group discussion, can support change.

Social media platforms encourage conversation between senior managers and frontline employees.

Influential change champions can advocate for an organizational shift through their language and actions.
Organizing for digital involves a spectrum of design choices & considerations

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Q&A