**Chris Mumford**, managing director of HVS Executive Search, prepares for 2008 as the 'pin-up status' of the hotel industry increases demand for qualified employees with sector expertise

# Developing Developers

It is that time of year again when companies start preparing for the end of the year and begin turning their attention to the year ahead. It is a time to take stock, review what has passed, and to plan for what may come.

Like most businesses, we are reviewing our performance over the past 12 months, identifying the market drivers, and trying to predict the demand generators of 2008. In 2007 the demand for our services has been particularly strong in three main areas, each of which is a reflection of what is happening in the hotel business as a whole. Those three disciplines are: Development; Technical Services; start-up CEOs.

Development has been a busy area for the past two plus years as brands and bricks have separated and management companies have been rushing to expand their development teams in order to achieve ambitious growth targets. Technical Services, or 'Design and Construction', is really a direct follow-on from Development. Once the new hotel contract has been signed, someone needs to renovate, convert, or build the physical property. The third area of demand is for CEOs to run start-up, or newly acquired, hotel ventures.
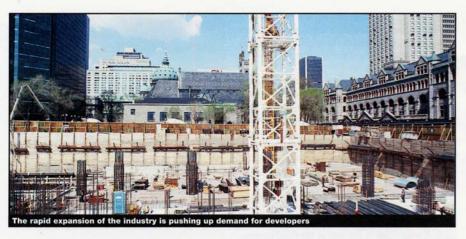
This is a result of the pin-up status the hotel sector has been enjoying in the investment markets. A lot of new players have entered the hotel ownership game and they have wisely been seeking qualified hoteliers to run businesses of which they have little understanding.

The hottest of all three has been Development. We have been approached by almost every one of the major international hotel chains during the course of the year with remits to source Hotel Development executives. Half of those we have had to turn away due to our off-limits policy (preventing us from hiring from a client organisation) in order to maintain a substantial enough candidate hunting ground.

Furthermore, each of those firms for whom we have worked has had multiple needs, often needing to add three, four, even five developers to their team within a single region. On top of that are the requests from investment groups for specialist Hotel Acquisition Managers who know the difference between a hotel and their more traditional commercial real estate interests. In total 40% of our EMEA assignments were Development/Acquisitions related and this has been mirrored by our practices in North America and Asia.

This high level of demand for Development talent may of course be short-lived and a result of the here-and-now pressure on hotel groups to drive value through brand growth.

The hotel industry has been a enjoying a prosperous couple of years and, although the affects of the credit crunch remain to be seen, as yet there has been no let up in the push to hire hotel developers. At some point of course the cycle will make itself



The rapid expansion of the industry is pushing up demand for developers

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known, the peaks will become troughs, and the focus of hotel operators will switch from Development to Operations and to producing the most bang for every buck. Likewise, owners will spend more time asset managing than acquiring.

On a personal level of course we have been delighted to have had such an active business stream and hopefully we have done a good job addressing our clients' requirements.

Removing our personal interest however, it is a little surprising to note how many hotel companies, for the majority of Development positions, are looking externally to source talent. This view was shared recently by a highly experienced senior Human Resources executive, John Guthrie.

Previously in charge of Learning and Management Development at Hilton International and now an independent HR adviser within the sector, he suggested that the international hotel groups should recognise that 'the emerging power' of Marketing, Development and Technology professionals now deserves the same attention as 'the established power' of General Managers and Operations has had in the past.

He suggested that since the Development function has become central to these companies' success, they should target resources at specific graduate and internal development programmes to address this shortfall. After all, he concluded, the Development function can really drive scale and help transform the long term profitability of the organisation.

The argument naturally is that hotel development is such a fast moving and competitive discipline right now that, as a company, your route to success is likely to be shorter if you hire from the competition.

The safe rule of thought is that someone walking through your doors with a bulging Rolodex, solid reputation in a chosen market segment, and proud battle scars is likely to bring results more quickly than a number two being promoted or a rookie moving in from another department. As an aside, the external hire will most likely be more expensive too.

It seems hard to believe that there are not at least a handful of hoteliers (General Managers, Sales and Marketing, Finance executives) within each organisation with the requisite mental capacity, appropriate personality traits, and genuine interest and desire to become a hotel Development Manager. The first trick of course is to identify those individuals and to implement a learning and development programme to give them the skills and cross-exposure.

The second trick, and this is where it gets tricky, is to time it right. The ideal time to start developing Development talent is during the last year or so of the downturn so that they are fully trained and ready when the upturn kicks in. Of course it takes a brave company to implement this level of forward planning and to think ahead of the curve. The benefits however are not just fully trained Developers ready for that market upswing but Developers who have tenure and thushave the benefit, in this day and age of brands, of truly knowing the brand, or brands, inside out and back to front.

Naturally, having invested so heavily a company should make sure its retention programme is firing on all cylinders. Otherwise that well trained Developer will be off to the competitor who has not though ahead and is under pressure to staff up quickly and willing to pay what it takes.

*Comments welcome at cmumford@hvs.com*