

HOTEL yearbook 2010

What to expect in the year ahead

Sir David Michels on the shape
of the coming recovery

The outlook for 20 key markets,
from China and the USA
to Germany, Brazil and Libya

Is it time to change in-room
technology standards?

How the crisis
will affect luxury in 2010

Editorial input from 25 hotel
industry CEOs

This excerpt from the Hotel Yearbook 2010 is brought to you by :



Ecole hôtelière de Lausanne

The Ecole hôtelière de Lausanne (EHL) is the co-publisher of The Hotel Yearbook. As the oldest Hotel School in the world, EHL provides university education to students with talent and ambition, who are aiming for careers at the forefront of the international hospitality industry. Dedicated to preparing tomorrow's executives to the highest possible level, EHL regularly adapts the contents of its three academic programs to reflect the latest technologies and trends in the marketplace. Since its founding in 1893, the Ecole hôtelière de Lausanne has developed more than 25'000 executives for the hospitality industry, providing it today with an invaluable network of contacts for all the members of the EHL community. Some 1'800 students from over 90 different countries are currently enjoying the unique and enriching environment of the Ecole hôtelière de Lausanne.



Boutique DESIGN New York

Boutique DESIGN New York, a new hospitality interiors trade fair, will coincide with the 94-year-old International Hotel/Motel & Restaurant Show (IH/M&RS). Designers, architects, purchasers and developers will join the hotel owners/operators already attending IH/M&RS to view the best hospitality design offerings as well as explore a model room, exciting trend pavilion and an uplifting illy® networking café.



Hospitality Financial and Technology Professionals (HFTP)

HFTP provides first-class educational opportunities, research and publications to more than 4'800 members around the world. Over the years, HFTP has grown into the global professional association for financial and technology personnel working in hotels, clubs and other hospitality-related businesses.



Bench Events

Bench Events host premier hotel investment conferences including the International Hotel Investment Forum; the Arabian Hotel Investment Conference and the Russia & CIS Hotel Investment Conference. Bench Event's sister company, JW Bench, is a benchmarking company that has launched the Conference Bench and the Productivity Bench. An industry first, the Conference Bench, measures performance data for conference space in hotels throughout Europe.



Cornell University School of Hotel Administration

Founded in 1922, Cornell University's School of Hotel Administration was the first collegiate program in hospitality management. Today it is regarded as one of the world's leaders in its field. The school's highly talented and motivated students learn from 60 full-time faculty members – all experts in their chosen disciplines, and all dedicated to teaching, research and service. Learning takes place in state-of-the-art classrooms, in the on-campus Statler hotel, and in varied industry settings around the world. The result: a supremely accomplished alumni group-corporate executives and entrepreneurs who advance the industry and share their wisdom and experience with our students and faculty.



Hsyndicate

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



WATG

Over the course of the last six decades, WATG has become the world's leading design consultant for the hospitality industry. Having worked in 160 countries and territories across six continents, WATG has designed more great hotels and resorts than any other firm on the planet. Many of WATG's projects have become international landmarks, renowned not only for their design and sense of place but also for their bottom-line success.

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Innovate or die

IAN SCARTH, Professor at the **ECOLE HOTELIERE DE LAUSANNE**, reminds hoteliers that even though innovation is critical to success, it pays to remember that not every hotel guest wants to be faced with the latest high-tech gizmos. Striking the right balance is the key.

«Innovate or die» is today's much-loved leadership battle cry. Consultants and academics alike are predicting our businesses will be dead in the water if 2010 is not dedicated to the development of innovative new products, services and processes that we can either put in front of our customers or use to streamline our operations. But just how vital is innovation to our hotel and restaurant businesses, and what will be the consequences of not heeding such prominent preaching?

While innovation in hospitality and food service is nothing new, it is only recently that we have started to formally explore its true potential as a strategic management tool, capable of providing competitive advantages and acting as a key to open the door to new markets. Molecular cuisine springs to mind as the latest innovation to enter the restaurant sector. It is certainly new, it is certainly different from anything that came before it; there is no doubt it is attracting considerable interest; and it is very appealing to customers in its somewhat niche market. But in reality it is delivering nothing that Ray Kroc did not introduce fifty-odd years earlier when he opened his first burger bar; way back then, he too introduced a new and exciting way of eating, triggering the birth of a whole new market – fast food – which, love it or hate it, has totally changed the way our society eats. On top of which, his innovation has spawned a number of further innovations, one good example being franchising, which has, in turn, expanded globally and spread through many other industries.

Ray Kroc did as much to change the food service industry as NASA did to advance space exploration, Google did to drive on-line research and communication and Apple did to revolutionize the way we buy and listen to music. He innovated and drove change to such an extent it altered the way we live our lives.

It has been suggested that innovation as a management tool is still in its infancy, often being compared to the quality movement in the 1950s. Back then we knew quality had the potential to add value to our businesses, but at that time we were unsure just how to get the best from it, how to measure its return to the business and how to plan and implement it

to gain best advantage. Over time, and with much hard work on the part of experts such as Deming, Juran, Toyota and Motorola, we have come to understand quality and realize the positive impact it has on reputation, which in turn drives repeat business and brand loyalty.

However, we are no longer in the 1950s. Today we live and function in a very different world. The quality movement crept up on us at a nice, gentle speed. It was controlled internally by companies that had time to master its nuances at their own pace. Innovation, on the other hand, is approaching us at breakneck speed. We have lost control of its momentum as we find ourselves swamped in a society that is driving change faster than we are capable of reacting. We find ourselves having to master this exciting new management tool while the tool itself is busy changing our lives quicker than we can comprehend. We just do not have the time to master innovation in the way we had the time to master quality. Like it or not, we have no choice but to accept the fact that innovation is and will remain a massive influence over our daily competitive environment. Clearly, change is very much a constant today. As renowned baseball player Yogi Berra once said, «The future ain't what it used to be». No truer words have ever been spoken! It is now almost impossible for us to keep pace with the changing world we live in.

But let's just put the brakes on a second and hypothetically slow down this tidal wave of innovation, to look at another key change taking place in our society today, that of demographic shift and our aging population. By 2012, 50% of the American population will be over 55 years old, with the European population heading in the same direction. The largest growing sector of the population in the developed world are the «seniors.» So extreme is this shift that governments are in a quandary, wondering just how to cover the costs of this aging population.

Consider how different generations view innovative new advances. My wife and I are fortunate enough to have all four of our parents still going strong well into their seventies, yet to say they do not relish the changing environment they now ►



find themselves in is an understatement. In fact, they are being dragged into this innovation era kicking and screaming. They hate the Internet, have just one mobile phone between the four of them, and cannot stand the iPod which they believe is leading to a world full of unsociable individuals and thus spelling the end of good old-fashioned communication. It is a fact that most people were not born in the era of the PC and the mobile phone, and perhaps they see little need for either of these devices to dominate our world – yet dominate they do. On the other hand, take the mobile phone and PC away from my 15 year-old son, and instantly his network of friends collapses, his entertainment lifeline is gone, and his life is in tatters.

At least for the foreseeable future, the hotel and restaurant industry needs to recognize this dichotomy. Namely, while innovation is critical and unstoppable because the smaller, younger generation that loves it so much now has the power in our society, the largest percentage of our population – those with the funds and time to travel – do not relate to innovation with quite the same enthusiasm. Instead, they would rather cherry-pick those changes that help them maintain their tranquil existence and allow them to live in their traditional way.

As life expectancy increases, the older generation will become a more dominant force in the coming years. Yet, since innovation has to be 100 % customer focused, hotels will need to consider the needs of this older generation when driving change into their business, and in particular they will need to

bear in mind their *resistance* to innovation ; otherwise, hotels risk a reaction that could alienate the largest population of customers available to them.

Innovation blesses our lives in so many ways. To mention just one example, medical and technological innovations will allow me to grow older, with much loved and healthy parents around me for many years to come. But even with such positive consequences, I cannot help feeling that innovation is also very much to blame for the mess the world has found itself in during the last couple of years. The credit crunch is a direct result of innovation that went badly wrong. Bankers looking for new and innovative ways of developing their businesses made innovative financial packages available to customers clearly unable to repay the corresponding debt when times got tough. Let us not beat around the bush: these innovations in the financial sector led to people losing their homes, and with them possibly their marriages and, in some cases, even their lives. Many would also argue that the present issue of global warming is in fact a side effect of innovations whose long-term consequences were secondary to the quest for change.

Without wanting to enter into scaremongering, we must recognize that innovation has intrinsic dangers that must be identified and managed ; otherwise, the benefits it can generate will be overshadowed by the dangers that accompany it. We need to become better at selecting our innovations based on criteria that enhance customer experience, add value

to our businesses but do not destroy our livelihoods, the world we live in, or the organizations we work for.

What I often find when talking to hoteliers about innovation is that they are wonderful at generating new ideas, in some cases hundreds of them, but when it comes to building an innovation culture or strategy to manage those ideas, or selecting the best of those ideas to implement, or identifying the risks of each idea in relation to the return, they are less structured and confident about how to go forward.

I believe this is because most hoteliers are still trying to understand this new force, and are unaware of how to handle the speed at which it is chasing and engulfing them. This makes it difficult for them to assess the right balance between their offerings for the young and the old in an ever-changing

environment, and unsure about calculating the risk and return linked to each new idea. All this while wondering how best to protect their expensive new ideas from the competition.

The year 2010 should ideally see the introduction of more innovation teams within hotel companies; innovation directors employed to drive innovation strategies and implement cultures in which innovation can thrive; more innovation courses being delivered in colleges and universities; and more R&D lines appearing on company budgets. Managers need to gain more understanding of the process of innovation and how to direct it at both the tangible and intangible elements of a hotel. All this has to be done in an atmosphere that will gain the acceptance of those among us who are gaining in years. To make this happen, 2010 actually needs to be the year we innovate innovation. ■

