



A Conversation with James

TRANSCRIPT: Wolfgang Neumann Tells James Berkeley Marrying Talent, Technology and Personalisation Critical

Today in *A Conversation with James*, James Berkeley talked to [Wolfgang Neumann](#) Past CEO Arabella Hospitality Group and President Europe at Hilton Worldwide. His stellar career and track record of profitable growth at businesses large and small, marks him out as a distinctive voice, at a time of great change in the industry. We talked over the phone during the past three months, and the importance of people was never far away from his lips. This transcript includes excerpts from those discussions. The views expressed are Mr Neumann's own. Any proprietary information related to his past employers has been edited out. We talk about THE KEYS TO ACCELERATING GROWTH AND CONVERTING INCREASED REVENUE INTO INCREASED PROFIT.

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JAMES BERKELEY, HOST: Thank you for joining me.

We are seeing a return of optimism in the media and travel patterns. Where should Boards and top management be allocating capital productively?

WOLFGANG NEUMANN, PAST CEO ARABELLA HOSPITALITY GROUP + PRESIDENT EUROPE HILTON WORLDWIDE: Recovery is in sight although there is no clear trend. Rate recovery is the number one challenge. It can only be achieved through a unique personalised service experience and a differentiated product in an increasingly crowded market. It all comes down to one thing – personalisation.

For branded hotels it can be a complex and difficult challenge. How they marry talent, technology and personalisation is the critical aspect of their business.

BERKELEY: Growth of a business necessitates change (beliefs and behaviour). I observe its' not the future state that scares people but it is the uncertainty that arises on that journey. What I term the "darkness in the tunnel". I see that visibly in terms of inconsistent customer service levels in service businesses. What are your thoughts, and how in your past experience have you resolved that issue?

NEUMANN: Employees provide great service when they feel good, have fun and are appreciated. They must be allowed to "be themselves" and at the same time are given the opportunity to exploit their talents. Great companies provide ongoing and personalised talent development opportunities for their employees. They do this throughout the business cycle and are committed to this investment as it provided long-lasting returns

BERKELEY: A lot is made about generational changes, the need for top management to connect with employees and customers who share very different backgrounds and experiences. How do we make sense of what is happening around us?

NEUMANN: For most operators their employee target audience is very different today than when I started in the industry. Social media is playing a very important role. The ability to talk the language and feel comfortable with the medium is critical to an operator's relationship with their best and brightest people. Secondly the younger generation has different expectations: a different work-life balance, more flexibility in the job function, and a less prescriptive and rigid approach to running a hotel business.

BERKELEY: Every brand or hotel in this sector is striving for their product to be seen as "leading edge" or in a breakthrough position. In much the same way Apple and Amazon have created that lasting impression in their customers' minds. Where would you advise investors, third party operators, and franchisors put their money? How do they measure success?

NEUMANN: Infotainment – the blend of information and in-room entertainment. Expectations have changed disproportionately to any other guest expectation during the hotel stay. Success is based on three key metrics, which equally apply to an hotelier's talents as well as the customer experience: operable, functionable and understandable

BERKELEY: Any closing thoughts?

NEUMANN: Branded hotels will find the challenge presented by niche and lifestyle hotels much tougher in a period of "economic upturn."

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