



WE ARE LOSING THE NEXT GENERATION OF HOTELIERS – WHY?

The hospitality industry is repeated history! Every time an issue surfaces no one takes notice and the episode is repeated over and over like a “broken record”.

Renard International has been in hospitality search for almost 50 years (yes- FIFTY) and so we have experienced the recessions of the 70's, 80's, & 90's, we know when a recession occurs, the last measure companies take is to hire anyone! We also have seen generations of hoteliers leave or never join our business. Why?



There is no dissimilarity between the recessionary lack of hiring and the current scenario of mergers and consolidation. Both have the same effect on talent entering or leaving our industry. The perfect storm would be a recession and consolidation at the same time. This may be ensue in 2017 based on the economists who state that, “our industry goes through peaks and valleys every 7 or 8 years”. We have now been at the mountain peak of growth for the last 2/3 years (actually since 2011) so it is expected that we will eventually fall into a gulley in the next 24 months (I hope not).

Mergers and recessions affect our industry, exactly the same. Let us say you are a Vice President and we enter a recession; private owners and public companies are historically fickle and panic quickly; especially if they feel that their assets or shares may drop. They are therefore quick to discard anyone who is not revenue producing. This includes certain Senior Executives or Vice Presidents i.e. training, recruitment, IT, etc. whom during a recession or a consolidation can be replaced and so can be easily discarded. As a consequence of an alliance of two companies there may be more than one person doing the same role therefore, only 1 person will survive. If you are the Senior Executive or Vice President whom is retired due to lack of hiring during a recession or amalgamation; there are maybe less opportunities for you. What do you do then?

The first thing you do is look for the same job you had before. If there are none, and at your previous salary, what are your options? If you were released due to a disruption, you will (hopefully) be given a fair severance. With this money in your pocket and realizing that there may not be a right opportunities for you now you will accept whatever is available in the marketplace. This includes lowering your expectations to an Area or a single unit role or perhaps joining a company of a lesser star caliber. You know that you need a job, and who knows what the future will bring? You also recognize there may be a better offer in the future, so you accept this role.



How does this affect those entering the industry? If you are an Assistant Manager waiting for your first General Manager opportunity, and a VP takes your GM role; you may feel you have no immediate upward mobility. This works its way down the "hierarchy chain" to the entry level who viewing this scenario decide there is little or no likelihood that they will move up quickly (or at all in some cases); so they decide not to enter or they leave hospitality and try another business.

A very good friend joined a luxury brand as a Hotel Manager with the expectation of becoming a General Manager in the near future. In the first year he was invited to the Hotel Managers Conference and he looked around and there were many managers attending as the company had 100 hotels. Some Managers he met had a long history with the company (4-5 years or longer) and they were still looking for their first GM opportunity with no opportunity in clear sight. He thought am I going to wait 5 years or more for my first GM role with this company? So after the conference he resigned.

A further reason why there are less opportunities is that there is no longer age discrimination and those who may have left their roles to retire at an earlier age are remaining as long as possible and not vacating unless pushed out of the company. They are especially not anxious to give up their business cards if they are based in their home country, which also offers substantial government benefits and pensions.

On another note, old age pension was originally a British idea and was set based on life expectancy. When it first started in the 20's a person's life expectancy was in the mid fifty's. Pensions arrived a few years earlier allowing pensioners two years of retirement before their expected departure. Now days with some government's inability to afford all the old age pensions there is no mandatory retirement age ;and no forced retirement in many countries unless by company policy or visa restrictions.

Consequently, how can an individual move up the ladder if the top run of the ladder is indefinitely blocked? So, entry level and upcoming mid-range executives realize that if you cannot charge up the ladder, then change the industry where there is a quicker elevator to the top.

The point of this whole story is, any professional with open eyes, whom see that there is no future in our industry especially recent University or Hotel School Graduates who were set on a hospitality career; recognizing the eventualities may not consider a hospitality future at all. Therefore these issues will sour the appetite of entry level professionals who will not join hospitality and this will cause a generation gap of missing hoteliers in the next 5 years.

These reasons plus others is what confronts us now. We should try to retain our professional at all costs as well as try to convince future hoteliers to remain as everything is cyclical and their future is still bright if they wait for the upward cycle, but am I like a broken record where no one listens?

PS. Did you know hospitality is known for the highest turnover rate? Recently, I read a report that stated "you take the hospitality industry as a whole, including restaurants and hotels". The average person remains in a job less than 9 months.

At Renard, customer service is not a "Department" it's an "Attitude"!

Sincerely,
Stephen J. Renard
President



RENARD INTERNATIONAL HOSPITALITY SEARCH CONSULTANTS

121 Richmond Street West, Suite 500

Toronto, Ontario, Canada, M5H 2K1

Tel: (1) 416 364 8325, ext. 228

Mobile: (1) 416 890 0903

Fax: (1) 416 364 4924

Email: Steve@renardinternational.com

Web site: www.renardinternational.com www.renardglobalmanagement.com