

Excellence Wins

An Interview with Horst H. Schulze,
Founder and Chief Executive Officer, Horst Schulze Consulting

EDITOR'S NOTE Horst Schulze is Chairman Emeritus of Capella Hotel Group, and CEO of WP Hospitality Group. In 1991, Schulze was recognized as "corporate hotelier of the world" by HOTELS magazine and in 1999, Johnson & Wales University presented him with an honorary Doctor of Business Administration degree in Hospitality Management. Schulze served as vice chairman of The Ritz-Carlton Hotel Company from 2001-2002, after serving as President and COO of The Ritz-Carlton Group, starting in 1988. Under his leadership, the Group was awarded the Malcolm Baldrige National Quality Award in both 1992 and 1999 – the first and only hotel company to win even one such award. In addition, Ritz-Carlton was continuously voted "best hotel company in the world" by meeting and other trade publications. Upon joining Ritz-Carlton as a charter member and VP of Operations in 1983, Schulze created its operating and service standards that have become world famous. At the time that he left Ritz-Carlton to form Capella Hotel Group, Schulze was responsible for the \$2 billion Ritz-Carlton operations worldwide. Prior to his long tenure with Ritz-Carlton, Schulze spent nine years with Hyatt Hotels Corporation, where he was a hotel general manager, regional VP and corporate VP. Today, Mr. Schulze serves on various boards, speaks for The Washington Speakers Bureau, and acts as a consultant across industries.



Horst H. Schulze

What is the state of the hospitality industry today?

This is an extremely good time. We have to understand, over the past 20 years, a totally new market developed for the hotel business. The Chinese didn't travel at all until 20 years ago and they provide over one billion room nights today. Other societies are traveling more than ever, so if one isn't making it in the hotel business now, they will never make it.

This is the strongest time I can imagine in all my years in the hotel business.

As someone who is known as a pioneer in the luxury space, has the word luxury lost some of its meaning today and how do you define a true luxury hotel experience?

It started changing about 20 years ago to where there were two areas of luxury – the affordable luxury hotel that serves the purpose of shelter during meetings or during travel; or the ultra-luxury hotel that provides an experience, which is true luxury.

At Capella, for instance, there is no check-in or check-out time because the customer doesn't want that – they want to arrive and depart when they want. That is one element the ultra-luxury business

offers today.

If I hang a chandelier, it's a luxury for the guest, but it's not ultra-luxury today. Ultra-luxury is providing an individualized response to the wishes of the customer.

With the consolidation that has taken place in the industry, can brands maintain their brand identity and levels of service?

They have already proven that they cannot. It isn't even a question anymore; the answer is that it is unattainable.

The luxury hotels feel it necessary to give points now to encourage their customers to come back rather than giving them a product that the customer desires and wants to come back for.

You created Capella to provide a product that guests want to come back for. Has Capella filled that role?

I'm not running Capella anymore, but I believe Capella will manage to remain that type of company. If they continue on the path that they are on now, within five years, the name for luxury will be Capella.

It's a narrow path and if they stray from that path, they will not be there, but if they stay on that path, which they clearly decided that they will, they will be the name for luxury within five years.

Do you find leadership can be taught or are leadership skills something that a person is born with?

It can be taught to people who have the inner values to be leaders. They may have the inner values but not know how to apply them.

If someone doesn't have inner values to care for and respect people, they will never be a leader.

I believe nearly everyone has respect for people so we can teach them. We can teach them how to relate to people and employees, how to be leaders, how to align people to an organization, etc.

The lack of leadership today doesn't come from the leader not having those values; it comes from the fact that they're being pressured to just think about money and they're being judged only by the money they make.

The whole concentration is on money reported to Wall Street, while I think the entire concentration should be on the things that make money.

What interested you to write the book, *Excellence Wins*, and made you feel the timing was right for the book?

I always want to give back to the industry and particularly to the young people that come into the industry.

However, this book is much broader than the hotel industry. It's a leadership book with emphasis on customer service to a great extent.

I felt that it was my way to give something back. A number of years ago, a close friend told me that at this point in my career I had an obligation to share how I had accomplished success in my industry with young people. He called me a few times and admonished me for not doing it, and always said he wanted to write the forward for the book. Unfortunately, I waited until he passed away, but that gave a jolt to my conscience.

I guarantee anyone who reads it will realize they are sucked into the issues of the day rather than leading the people in their organization. We don't lead an organization – we lead people. We move it forward with people.

With the book, I want to encourage people to realize that the human beings are what is creating value for the organization. Human beings aren't things and no matter how many machines we have, there are still human beings running them. Also, we are serving human beings, not companies.

I want to tell young people to develop that type of thinking, to develop the willingness to care for and serve people, and to become a leader.

If I find that I have accomplished that with just one person, I will be deeply fulfilled. ●

