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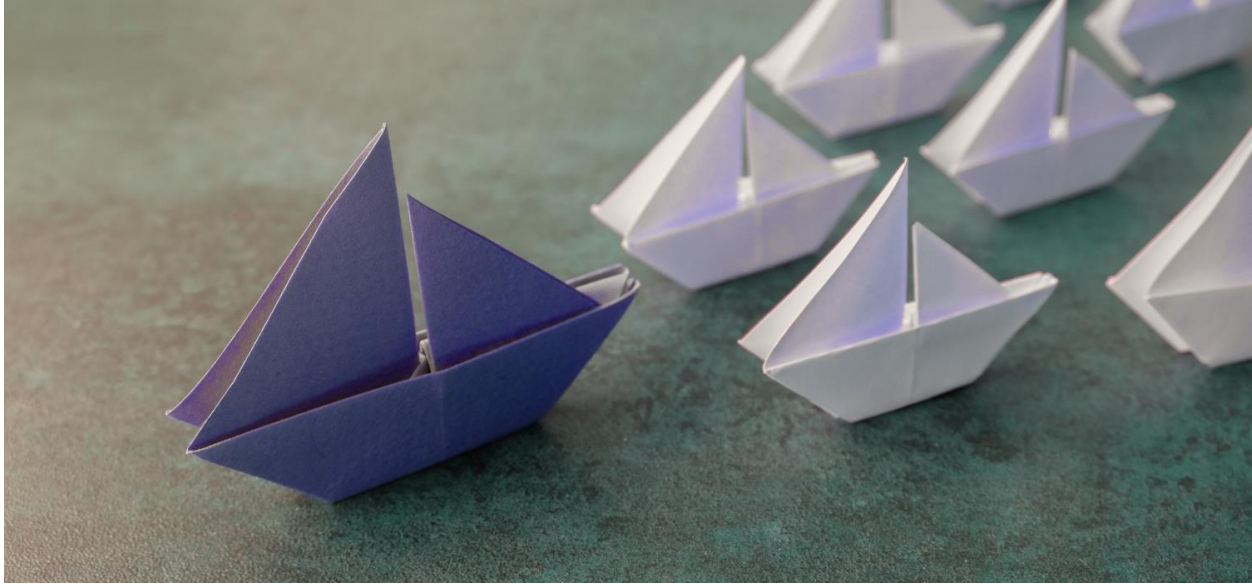
## **From War to Recovery: A Lesson From Churchill**

By Chris Mumford founder of Cervus  
Leadership Consulting

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July 26, 1945. The British public, having gone to the polls on July 5th, awaits the delayed count of the national election. Victory in Europe has been celebrated two months previously, and the war in the Pacific is nearing its conclusion with Japan being issued an ultimatum for surrender. Winston Churchill has served as Prime Minister for the past five years and is widely lauded both at home and abroad as the saviour of Britain and Europe from the threat of Nazism. The ballots are counted and, in one of the biggest shocks in British political history, the Labour party, led by Clement Attlee, sweeps to power in a landslide victory.

Churchill, expecting a comfortable victory and commonly viewed as the right man at the right time during the war, is cast aside by voters who reject his outward focus on foreign affairs and national security for the stable appeal of Labour's plan for a welfare state and the quieter, less eccentric, leadership style of Attlee. Britain, exhausted by six years of war and faced with rebuilding the country and economy, recognizes that the very traits which had made Churchill such an effective leader during conflict – his single-minded bulldog spirit – are unfit for times of recovery.

Churchill's fall in 1945 is a useful reminder of how leadership needs to adapt through a crisis and to adjust to the situation as it unfolds. During the past twelve plus months, hospitality businesses have been at war with the COVID-19 pandemic. First came the initial onslaught as the industry came face to face with the full ferocity of what was in front of them. Never before has the

hospitality industry encountered such a dramatic, rapid, and pervasive cessation of business as during the COVID-19 pandemic. Previously unimagined actions such as shutting a hotel or restaurant became reality. Best laid plans of attack went out the window, and survival mode kicked in.

Secondly, came the digging-in phase. Establishing a defensive line and hunkering down for the long game. Hospitality businesses focused on cash preservation, where possible accessed financial aid, found arrangements with lenders and landlords, and stripped away all fat, reducing corporate headcount by as much as 40%. Battling fatigue, weakened in body and spirit, hospitality players have continued to slog away and to fight back - new health and safety protocols; hotel rooms converted to rentable office use; hybrid meetings mixing virtual and physical attendance; restaurant food delivery; contactless check-in; and F&B ordering.

The tide of battle having now turned, next comes the recovery phase. With a vaccine roll-out underway, the hospitality industry is now heading towards victory. The timing may vary from one geography to another but, in general, the sector is today contemplating what recovery looks like and is preparing for peacetime.

One thing is almost certain – any hospitality business expecting to emerge from the COVID-19 pandemic operating and behaving in exactly the same way as pre-crisis is doomed to failure. No matter how large cash reserves a company may have, or how fantastic a product it has with a fully retained and trained team onboard, there are simply too many economic, societal, and marketplace variables for things to have remained the same. How businesses respond over the next twelve to eighteen months may determine their longer-term relevance.

The leadership skills that got companies through the initial phases of the COVID conflict are not necessarily well-suited to the recovery phase. The micro-management, speed of reaction, and obsessiveness that was needed to prevent the ship going down can be obstructive to getting the boat back up to full power.

At the same time, leadership cannot afford to sit back and check out altogether; planning, clear direction, and oversight are required from the helm. Leaders face a new balancing act of trying to bring normalcy back to their businesses while maintaining the focus on renewal and the way forward.

As such, boards and shareholders, much as the British public did with Churchill in 1945, are compelled in the current situation to review if they have the right people in the right places for recovery as well as assess the leadership skills of their management teams against the demands of the new reality.

## **Motivation & Inspiration**

Communication skills have always been a core component of good leadership. The pressure on leaders today to engage their employees in a truly meaningful way, often through virtual means, is even greater. Martin Rinck, former EVP & Chief Brand Officer at Hilton, recommends, “Over communicate, update everyone on everything and make the team feel part of the solution. Find out what format of communication works best for each member of your team. There is no one size fits all, while one team member may crave the interaction and be happy on video, another team member may be balancing domestic issues or just prefer not to be on screen and a phone call will do.”

An ability to inspire and motivate, often from a distance, as well as to maintain positive relationships with multiple stakeholders is critical. Messaging ought to be authentic and, as Alphy Johnson, Lecturer at Boston University School of Hospitality Administration and Managing Director Americas at HoCoSo, puts it, “It is critical for leaders to create a reserve of goodwill towards their staff and community throughout the crisis so that they can jumpstart the recovery process on a positive note. Leaders need to keep communicating frequently, credibly, respectfully, authentically and with passion. It is important to develop and communicate a people-based plan that includes Owners, Brand, Executive Team, Staff, and Community.”

Authentic communication means telling it like it is, being open and honest while also highlighting the positives. Rinck notes, “Leaders need to be a beacon of hope, they need to instill confidence in the recovery. They must acknowledge the realities but focus on the bright side.”

Wolfgang Neumann, former CEO of Radisson Hotel Group, points out that the consequence of communicating and leading people remotely is a shift away from the traditional linear organization structure towards “network leadership.” “The future workplace is going to look a lot different to how it was before and those who think we will return to having everyone Monday to Friday in one central office are out of touch. Leaders therefore need to think through how to lead and influence remotely, how to make a network model function effectively, how to embrace all of the different digital and communication channels and frequencies.”

## **Adaptability**

Hospitality leadership will have to embrace change. Johnson, “The leader needs to recognize that the crisis has accelerated change. That gives the opportunity and need to update skills and implement changes.” Technology will enable and encourage greater productivity, consumer experience, and profitability; operations will be run more efficiently and by a multi-skilled workforce; organizations will be leaner and fitter. Leaders must not just respond to these trends but be at the forefront of them.

Bernold Schroeder, CEO of Kempinski Hotels, remarks that, during the crisis, it has been notable that, “Those with the best resume on paper do not necessarily perform the highest. Different players show different performances, and often it is the youngest, or most underestimated, who excel in a crisis with total flexibility and a can-do attitude.”

As Sean Worker of T5 Strategies highlights in his book, *The Adapters*, “This 4th Age of Change is seeing individuals and companies of all sizes being pushed to emerge from the Pandemic in altered forms with Employees’ and Customers’ expectations being elevated. The COVID-19 pandemic has seen ten years of tech education take place in ten months. We are living in an exponential time of learning, adapting, and innovating to simply function” (Worker, 2021)

## **Innovation**

This focus on innovation is not solely the domain of technology but also impacts organization structure and effectiveness. Hospitality businesses will emerge from the pandemic leaner and more agile than pre-crisis. Put simply, there will be fewer people in the operation to do things. As recovery gets underway some organizational headcount may be added back in as companies staff back up in certain areas. Every hire however will be carefully considered and weighed up as companies question if there is an alternate, less traditional, way to get the same result. The expectation is that we will not see a return to former levels of employee overhead as businesses increasingly leverage the gig economy for outsourced contract workers, as well as implementing tech-enabled efficiencies that allow for more streamlined operations.

Rinck offers an important reminder that, “Recovery does not mean the hard stuff is over. Now the pressure is on coming up with innovative and creative business models to best monetize assets. This is the perfect time to do new things, bring new ideas to market.”

Management teams are asking themselves: How will our business be relevant for the “new normal?” How do we future-proof ourselves against future crises? How do we renew our company’s offering, our purpose? Consumer habits as well as regulatory restrictions will dictate the rise of new concepts, products, and experiences. Leadership calls for being on top of trends and maintaining a firm grasp on the commercial agenda. Schroeder emphasizes the expectation to shift from, “Thinking of ourselves as ‘we are hoteliers’ to taking a more commercial attitude recognizing that our businesses are an asset class. We need to advocate that we are business people who understand cash flow, debt financing, Capex investment, etc.”

Schroeder comments, “There is a lot of change coming – management companies, and their value proposition, will unquestionably evolve.” Rinck concurs, “How do we get back to 2019 rates? Margins were already challenged and all parties needed to find ways to work together in order to minimize spend while also maintaining brand differentiation and protecting premium.

Management companies and owners will have to find ways in which to make the model sustainable.”

## **Social Responsibility**

Investors are putting an ever-increasing focus on ESG (Environmental, Social, and Governance) factors when assessing deals. While a lot of attention is given to the Environmental component, the Social element is also coming under sharper focus. Companies will be expected to increasingly demonstrate how they are serving, not only their internal constituents, but also the broader community. Leaders of hospitality businesses, of whatever size, will need to answer: what role does the company play in society at large? Does it have a purpose beyond corporate profit? How well is it promoting gender equality and progressing the diversity and inclusion agenda?

Neumann, “Organizations must embrace responsibility beyond the bottom line. Leaders need to rise up to their individual and corporate responsibilities to all constituents in their businesses – the planet, inequality, etc. – and approach the value chain with a view to benefiting all stakeholders. ESG is no longer a box-ticking exercise but a genuine requirement of every business and leaders need to embrace this in their engagement with both customers and employees. The younger generation is demanding it.”

## **Wellbeing**

The responsibility to take care of employees, not only physically but mentally, also extends to the leaders themselves and their self-care. Much like an airplane passenger is instructed to fit their own oxygen mask before helping others, so too must those in leadership keep themselves in good form in order to be able to support their teams. The risk of burnout and fatigue is extremely high, and organizations need to be encouraging a corporate culture that supports employee wellbeing. To foster their own inner resilience, leaders require allotted time in which they can develop their self-awareness, define their purpose, tend to their physical health, practice mental wellbeing such as meditation, and build a supportive network and community.

The future for hospitality, after a year of darkness, is beginning to look brighter and more hopeful. Businesses however still have a hard road ahead and a new set of challenges as they look to reopening, to rebuilding and to reengaging with their constituents. Leaders need to adjust accordingly and to ensure that their leadership style remains relevant as things evolve. As Churchill discovered, fighting the battle is one thing, picking up the pieces and moving forwards in the aftermath is quite another.

## References

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## Authors



Chris Mumford is an advisor to the global hospitality sector in the areas of leadership and talent. The founder of Cervus Leadership Consulting, Chris provides services in executive search, compensation consulting, talent advisory and management due diligence. Chris is co-founder of the community support initiative the Hospitality Resilience Series.

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