

Talent Motivation &
Technology Innovation:
Leisure & Hospitality's
New Landscape

Despite coming out of the pandemic and into a storm of consecutive crises—including macroeconomic challenges, geopolitical conflicts, and changing consumer behaviors—Leisure and Hospitality (L&H) remains a vibrant and resilient sector.

That said, these macro challenges have significantly impacted the industry, mainly through severe talent shortages, suppressed consumer spending due to inflation, and limited succession pipelines. To support L&H leaders in addressing these challenges, Russell Reynolds Associates interviewed 10 CEOs from the cruise, hotel, restaurant, entertainment parks space, identifying learnings and recommendations for the future across two major themes:

- Addressing the leisure & hospitality talent shortage
- AI's implications for the hospitality industry

Addressing the leisure and hospitality talent shortage

Over the past few years, the industry's biggest challenge has not been attracting customers but finding and retaining the front line workforce. After COVID-induced mass layoffs and furloughs, the L&H industry faces continued talent shortages, as many workers sought employment in other sectors that allowed for flexible or remote work. Numerous interviewees noted that outflow has severely limited the L&H talent pool and resulted in major gaps in their organization's talent development, knowledge transfer, and succession planning efforts.



It's very painful to find talent post-Covid. There's been a hard shift; people no longer want to spend 10 years working their way up in an organization.

Candidates—particularly young ones—are willing to sacrifice on location or comforts to move up or gain novel experiences."

Joss Kent

&Beyond, Exec. Chairman & CEO

There has also been a cultural shift within L&H talent pipelines. Traditional movement up the corporate ladder is now in conflict with the "fast returns" of other career paths, making L&H teams more challenging to build and retain. This can have a major impact on guest experience, as hospitality relies heavily on "training on the job." While some skills can be taught, learning how to anticipate guest's wants and moods requires time and real-world experience.

To address this, interviewees noted offering more competitive wages and benefits, providing flexible work schedules, and offering perks like free or low-cost accommodations. For the next generation of leaders in particular, they are investing in vocational training centers, development programs, sponsorship and mentorship opportunities with senior leaders, and rotational partnerships with other organizations.

Additionally, these CEOs also noted the importance of developing succession plans at every level of organization, both at corporate and on property. Succession efforts show leaders across the organization that their work is recognized, appreciated, and building towards a clear career path forward—while also ensuring that key knowledge stays within the organization.

Today, leaders in the L&H industry's number one focus is identifying and retaining top talent who have a passion for hospitality work. The new L&H career path requires a new talent strategy for the future.

AI's implications for leisure & hospitality: A mix of optimism and uncertainty

For our interviewees, artificial intelligence represents both a massive opportunity and a looming unknown. From social media revolutionizing how brands build relationships with consumers to the recent [generative AI proliferation](#), leaders have never had to adapt so quickly to technology-driven consumer behaviors. Within leisure and hospitality organizations, AI is being leveraged to provide benefits like contactless services (including mobile check-ins, digital keys, or voice-controlled room automation) and better storage and usage of guest data to create more personalized experiences.



AI is an amazing opportunity but also presents a lot of dangers. The opportunity to generate content is fantastic, but it could also infringe trademark laws or concerns about content ownership. Everyone speaks about AI, but they're also still trying to understand what it means. It's still evolving."

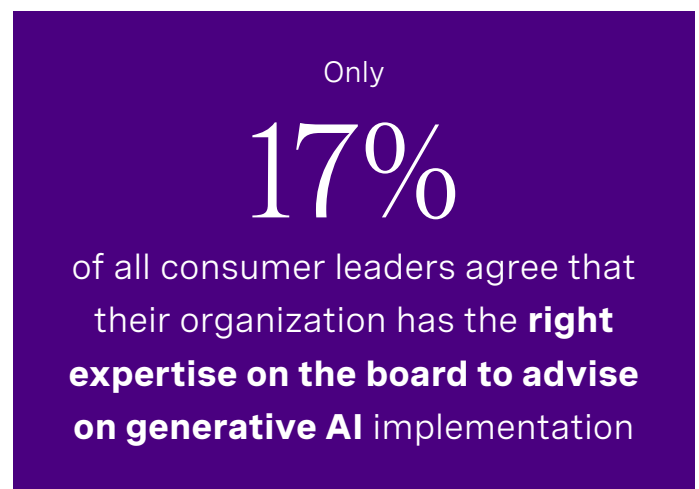
Barbara Muckerman
Kempinski Hotels, Group CEO



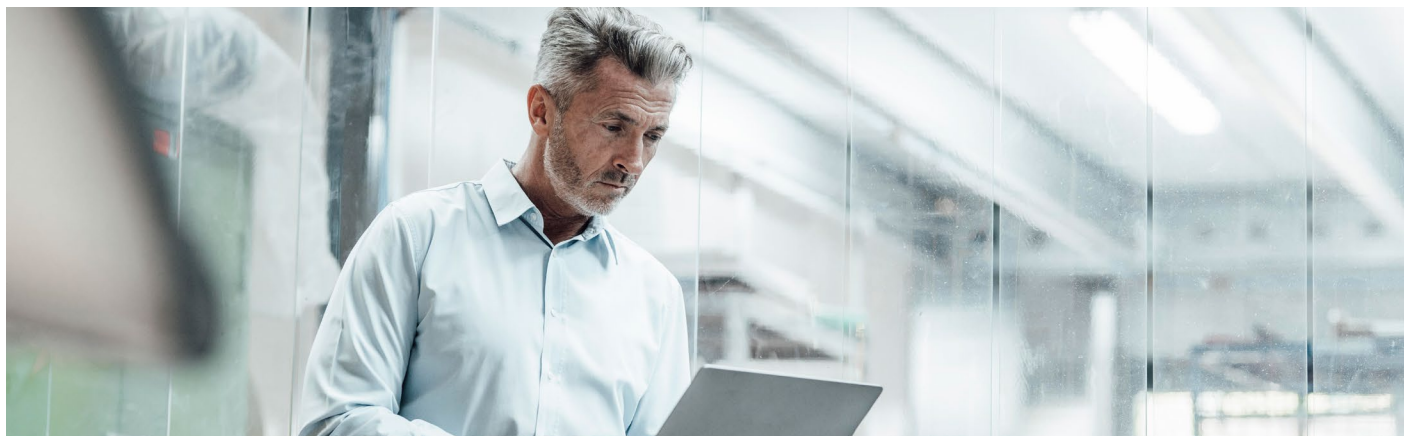
Fill the gap by surrounding yourself with talent from different generations. Don't be embarrassed to tell them you don't understand something. Trust and empower them."

Olivier Chavy
The Lux Collective, CEO

That said, many L&H CEOs remain skeptical. While most consumer leaders believe that a strong understanding of generative AI will be a required skill for the future C-suite, our recent [Global Leadership Monitor](#) shows that few—only 34%—feel confident in their personal abilities to implement these tools in their organization. Additionally, their views on their organization's capabilities are even more dire, with only 19% of consumer leaders agreeing that they have the right people in-house required to implement generative AI solutions and only 17% agreeing that they have the right expertise on the board to advise on generative AI implementation.



Our interviewees reiterated this combination of optimism and uncertainty, comparing AI's explosion to sustainability's a decade ago. (This insight aligns with our recent research on the [ROI of Responsible AI](#), which explores leveraging the connections between sustainability and AI to create enterprise value.) When discussing AI's long-term implications, interviewees voiced concerns around issues like GenAI bots producing content that infringes on trademark laws, guest data privacy, and overall impacts on an already unstable workforce. Looking to the future, these L&H CEOs are aiming to embrace tech-enabled change while balancing responsible and transparent AI strategy implementation.



What's next for leisure & hospitality?

While related to the trends and recommendations uncovered in our [recent article on leadership trends within CPG leadership](#), the leisure & hospitality industry is facing unique challenges of its own—from talent shortages to guest interaction with new technologies. Looking forward, L&H leaders can consider the following:

1. Invest in succession planning at every level:

Our [recent research](#) shows how vital succession planning is to staying competitive and maintaining a robust leadership pipeline, particularly within the hospitality space. Not only that, but long-term succession planning at every level helps improve DEI outcomes. To address the industry's talent shortage, leaders should invest in and communicate around robust succession plans at every level, creating clear (yet flexible) success profiles, leveraging career planning platforms, and prioritizing hospitality-centric behaviors that can't be taught.

2. Define and communicate leadership development pathways: Our [Monitor](#) shows that, while 86% of L&H leaders want to take on more responsibility in the next two to three years, only 43% see a clear path to a larger role that would provide said responsibilities. Ensure

that development programs are clearly articulated and communicated to everyone in the organization. Investing in leaders' development plans via targeted accelerators, mentorship and sponsorship programs, and targeted accelerators will help retain top performers.

3. Align technology investments with your organization's overall strategy: As your organization investigates how it will best leverage AI, ensure that the investment and implementation is in line with your organization's growth and talent strategies. The rise of AI isn't just about implementing a new tool—we are in the realm of full business model transformation. AI strategy loses its meaning without a capable execution team. As such, it's key to have a clear-eyed view on which capabilities your organization has in-house, where any gaps may occur, and how your talent strategy needs to adapt to your future-state goals.



At Russell Reynolds Associates, we can help your organization to succeed by:

- Identifying and investing in the right leaders for your board or C-suite, using our decades of executive search experience
- Carefully examining the capabilities of your existing board or C-suite and benchmarking them against the current market
- Carrying out executive assessments, which evaluate your executive team's leadership approaches and their likely impacts, strengths, and areas for improvement
- Conducting psychometric testing to better understand your leadership team's instincts, traits, and any potential behavioral derailers
- Helping you develop a deeper understanding of your C-suite capabilities, uncovering and addressing potential gaps with our C-suite success experts



Authors

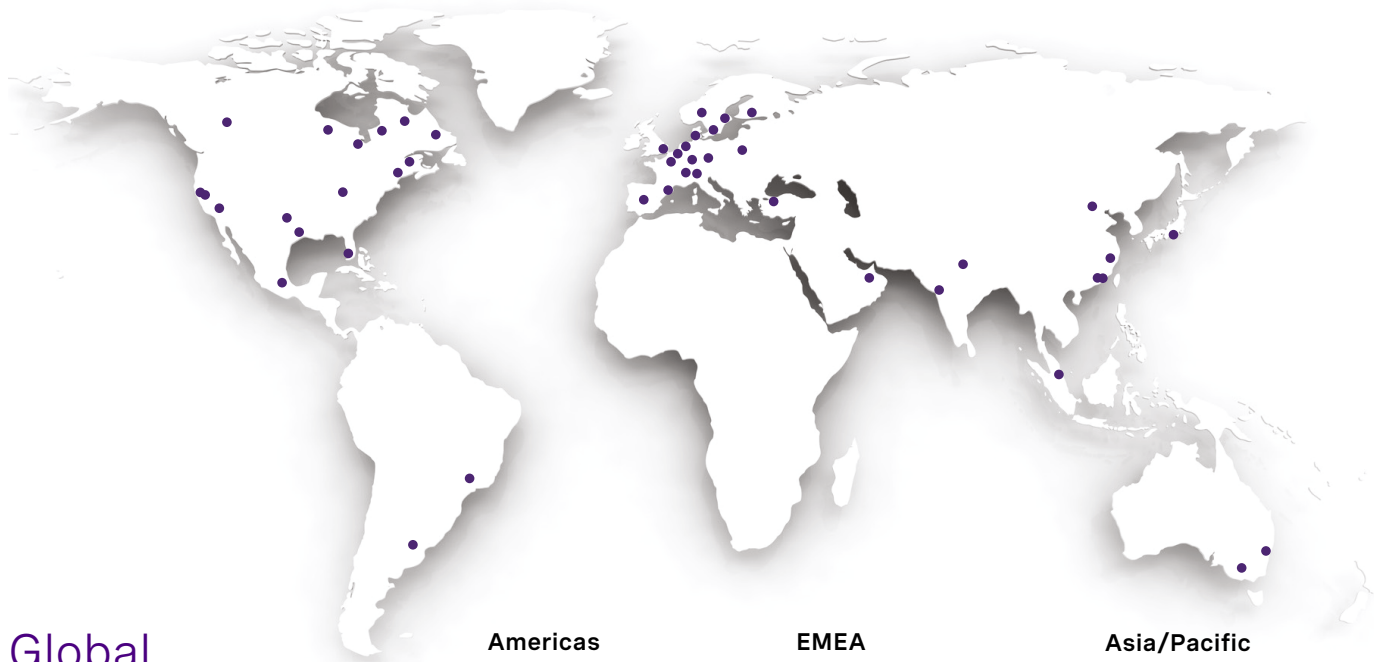
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Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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