

HOSPITALITY'S 'HOT SEAT' LEADERSHIP SERIES: TRENDS IN KEY FUNCTIONS

By Andrew Hazelton
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We are frequently asked by leaders in our industry what roles are 'hot' and where are we seeing movement? That curiosity is reflective of our highly competitive sector, one where individuals are eager to further their professional development but also of an industry where scarcity of talent remains an issue – and the pandemic, perhaps counter-intuitively, will probably exaggerate this even further. Of course, one cannot deny that, at present, there is a larger than usual talent pool for employees to pick and choose from. However, the pandemic has also caused some considerable 'talent haemorrhaging', with executives having taken the decision to re-orient their career or to leave the sector for good. On top of that we have already witnessed well-capitalised industry players starting to 'snap up' talent so that they are ahead of the curve when it comes to driving and shaping the recovery.

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Overall, however, considering the state of the industry and the (still) ongoing pandemic, recruitment activity in the US and EMEA has been – relatively speaking – more active than anticipated and across a relatively wide spectrum of functional areas of expertise.

“As it relates to employers, we note that some operators and management platforms might have ceased their rapid expansion, but others have certainly been quick to step in, trying to take advantage of market gaps the more exposed industry players have left behind. They have thus not only started to take on operating contracts for portfolios or individual assets, but also talent which – in ‘normal times’ – may not have as easily considered a career change. Meanwhile, investors are (by-and-large) continuing to ‘hold their breath’, waiting for the moment where market pricing reflects their risk appetite – but rest assured, once that equilibrium has been reached, a renewed confidence will drive further recruitment activity.

“As it relates to the talent, we note that executives have displayed – perhaps driven by larger life(style) choices following 12-months of reflection on career ambitions and motivations – a greater willingness to ‘take the plunge’ and join either start-ups, innovative hybrid concepts or new market entrants which may lack sector-expertise but more than make up for it in financial prowess. To some extent this is a healthy ‘migration’ of talent, allowing for individual executives to be exposed to new work environments and cultures, but to also to go through a somewhat steeper learning curve than perhaps at their old employer where they ‘felt comfortable’ in their roles.

In a series of articles, we shine the light on a number of key leadership positions, assessing the demand for particular functions and, more specifically, what exact version of that role might be most sought after by the market. First up, the role of the Chief Financial Officer.



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The CFO – A ‘Hot’ Commodity

Looking back at the past 12-months there is no question that CFOs have been ‘mission critical’ for most organisations. This has meant that seasoned financial executives were amongst those who had a lot more on their plate than before, and as a consequence, most have felt relatively stable and confident in their function. Will this change going forward? This is what we observe:

- The last 18- to 24-months have already seen a hive of activity as it relates to CFO appointments. Partly driven by heightened transaction during the preceding years, many investors were looking to fill both CFOs within their own organisations (with a focus on fund-raising and/or financial engineering) but also the equivalent roles within their operating platforms (with a stronger emphasis on building and managing systems which enable rapid growth targets). Pure management companies equally sought new financial leaders in those instances where the rapid expansion outpaced the growth capabilities of their in-house CFOs.
- In the most recent past, CFOs have had the benefit of holding an almost ‘crisis-proof’ job. One could argue that no other role has been leaned on by the executive team as much as the CFO, having to partner with the entire C-Suite to assist in making tough financial decisions in these unprecedented times. However, this is not to say that there have not been any changes at the C-suite. In fact, with a shift from a growth-led strategic mentality to one more akin to a tactical ‘trouble-shooter’, organisations have already started to reassess whether or not they have the right individual in the CFO seat.
- Looking at the near- to mid-term future, we thus suspect further CFO changes to take place – it will therefore continue to be a role in high demand. We gather that two CFO profiles will specifically be sought after: For a lot of management companies, it will likely still be all about the abovementioned tactical trouble-shooters, ready to streamline operations and drive performance in addition to fostering the integration of new businesses or assets into the



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existing platform. For a lot of investors, many of whom are sitting on a lot of 'dry powder' and anticipate a flurry of distressed-driven M&A activity, it will likely be about the entrepreneurial builders, experienced in executing an opportunistic investment spree. With a significant number of investors – be they family offices, institutional money, or private equity firms – seeing significant upside in getting more 'hands-on' in involved in operating platforms and assuming larger risks, CFOs who bring on board experience on both the owner and operator side will hold the trump card. And, given the marked uptick in interest in the 'hotel alternative' segment, by many perceived as a pandemic-resilient sub-sector, any CFOs with experience in student housing, micro- or co-living, hybrid lodging models and/or serviced apartments can expect to command a premium over their peers.

About the Authors

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