

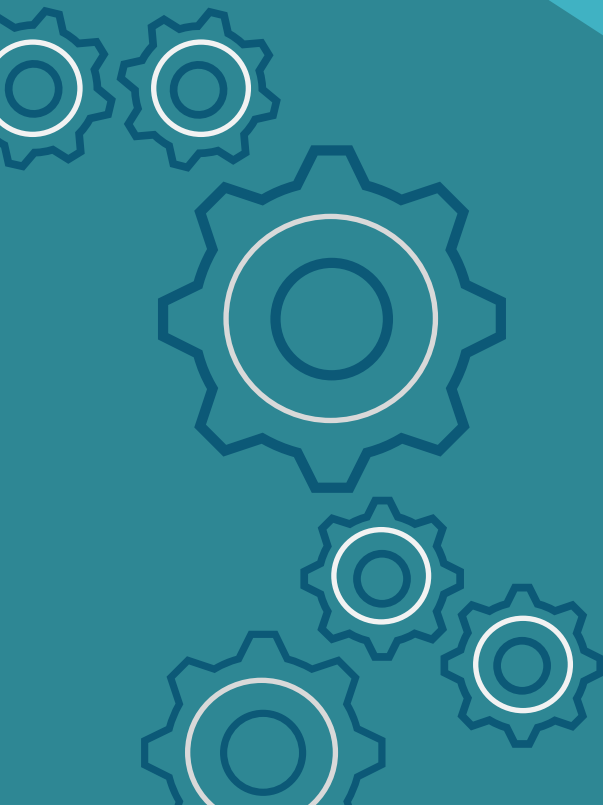
## PERFORMANCE ANALYSIS OF THE 'COVID GAP' IN THE C-SUITE

AHGZ interviews AETHOS' Thomas Mielke on Leadership

Leadership teams have not gone unscathed through the corona crisis. This was not only revealed by a recent Xing survey, but also confirmed by Thomas Mielke, founding partner at the international HR consultancy firm AETHOS Consulting Group. "Many leaders have changed a lot in the past few months, and because they had to act at short notice, many are now on the verge of burnout." So, the question arises as to how leadership must change and adapt before business really gets going again in the second half of this year? Thomas Mielke gives tips on this in an interview with AHGZ author Susanne Stauss.

**AHGZ:** Thomas, hospitality leaders are working at full speed on implementing their strategies for 2021. How can they, and their firms, better arm themselves for the challenges that lie ahead, and the ones which are still ongoing?

**TM:** 2020 has torn the ground from under the feet of many solid companies. However, there are also plenty of organisations which were able to be profitable in 2020 - partly because of their business models, and partly because of the agility and creativity of their leaders and senior management team. Maintaining this agility remains very important. The beginning of a year is always a good time to review the old one and to learn from what one has experienced. We advise companies and executives to always ask themselves the following three questions: (1) What do we have to continue to do as before? (2) What do we have to start with in order to gain positive momentum? (3) What should we stop doing to avoid negative consequences?





## Looking at the HR Strategy

**TM:** The way in which we have worked together, communicated, and driven innovation in 2020 certainly stands out from the old, office-based approaches. At the same time, many companies only talk about the need for restructuring - often only equated to cost savings and a reduction in the number of employees. That is too one-dimensional. Organisations and their HR departments must acknowledge that the following areas should be critically assessed and as quickly as possible redefined:

- **Competence Analysis:** *Who has what kind of responsibilities and to what extent are both the people and the identified core competencies still adequate or relevant? Are there specialist areas that are not covered or institutional knowledge that has / will be lost due to a possible restructuring?*
- **System Analysis:** *Is the organisation equipped with the right systems and resources to be able to continue to operate effectively in a drastically changed work environment? If there is a lack of funds, is it financial resources? More staff? ...?*
- **Process Analysis:** *What are the existing work processes / procedures in order to be able to achieve set goals? Are these still relevant or adequate in a new work environment or in a possibly drastically reduced company structure?*
- **Culture Analysis:** *What about communication, is what one teaches lived? Are the values in line with the company's actions and stated goals? Is innovation promoted and valued? Do the decision-making paths allow effective action?*

### **AHGZ: How can HR management best support the senior leadership team?**

In addition to the points already mentioned, it is often additional investment in new skills and systems which can make a difference. Of course, it takes courage to invest in times of crisis and depends not least on the financial resources of a company. However, the last economic crisis has shown that companies benefit from the 'first mover' advantage. In fact, in the past year, many of our clients have actively increased their teams – despite initial employment freezes. It allowed them to secure 'top talent' which has now become available. Others have proactively invested in centres of excellence that have become more important in a new work environment; such as eCommerce, digital marketing and IT.

However, if one cannot enter into such financial obligations, HR professionals should work with the existing team and, above all, try and make sure that no team member suffers burnout. Above all, however, they should ensure that the senior leadership team is in the right mental state in order to be able to grasp new opportunities and to be able to respond to them. A psychometric SWOT analysis, in which strengths, weaknesses, opportunities and threats are analysed, can help.

### **AHGZ: How did you come to the assessment that executives are particularly at risk of burnout right now?**

Last fall, we carried out a study that analysed the psychometric profiles of Chief Operating Officers (COOs) and Chief Human Resources Officers (CHROs) in the hotel industry and identified significant changes in behavioural patterns. One result: the operational leaders acted as 'troubleshooters' in 2020, the HR leaders were more akin to 'intermediaries'.



### AHGZ: What does that mean exactly?

The COOs acted less strategically and were more tactical. Data and facts have defined their actions – not protocols, SOPs, or team cohesion. The focus, one might say, was on working through ‘check-lists’ and on decentralising decisions with a view to speed things up – proactive team management, fostering engagement or professional development took a back seat. It can almost be said that, in a way, things have become less personal, with efficiency and effectiveness being ‘priority number one’. A ‘troubleshooter’-profile always carries the risk that COOs lose sight of the bigger picture by focusing too much on the immediate needs and requirements, not the long-term objectives and goals. In addition, the concentration on the ‘here and now’ is (mentally) extremely draining on the individual – de facto, managers were constantly in ‘crisis mode’ and often had to ‘put out several fires’ at the same time. At the end of the year, they thus showed strong tendencies towards burnout.

### AHGZ: And what about the Chief Human Resources Officer?

The CHROs also acted more tactically than strategically. They, too, were first and foremost reacting instead of proactively driving initiatives. The willingness to take risks, in actions and decisions, has also significantly decreased. In contrast to the COOs, though, CHROs have clearly focused more on team cohesion and the ‘bigger picture’. For them, it was important to enforce protocols, rules, and guidelines – the HR leadership therefore placed more emphasis on control, but also on motivation and team cohesion. In a sense, COOs are thus pulling in an almost polar-opposite direction to that of senior HR leaders. This means that decisions may not be taken, or significantly delayed, on grounds of discrepancies in opinions and (fundamental) disagreements between two very important fractions of an organisation’s leadership team.

Table 1: Psychometric Gaps in the C-Suite linked to COVID

2020 Skills <sup>®</sup> powered by AETHOS Consulting Group Scores: 0-100 scale	2019	2020	Point Gap Analysis
<b>Execution skills</b>			
<b>Process orientation</b> <i>measuring concerns for fairness, equity, integrity, and ethics</i>	81	73	-8 less organised and more flexible in SOPs
<b>Self-efficacy</b> <i>emotional intelligence, confidence, independence, self-direction, and reaction to stress</i>	80	75	-5 less steady and more reactive
<b>Service orientation</b> <i>customer-centric mindset</i>	80	84	+4 more tactical and responsive
<b>Loyalty to company</b> <i>capacity to strongly identify with an employer and exhibit dedication and adherence to company policies, procedures, and the company's vision and mission</i>	73	75	+2 more dutiful and less entrepreneurial
<b>People skills</b>			
<b>Leadership</b> <i>big picture orientation, vision, and goal-setting</i>	79	73	-6 more managerial and less mentorship mindset
<b>Team building</b> <i>need for collaboration, affiliation, and teamwork</i>	77	73	-4 more siloed and less collective leverage
<b>Sensitivity to diversity</b> <i>concern for individual, cultural, and ethnic differences</i>	73	75	+2 more inclusive and accommodating of others
<b>Humour orientation</b> <i>ability to use and appreciate humor in social and business situations as a means to build rapport and diffuse interpersonal conflict and tension</i>	76	73	-3 more stressed and less optimistic
<b>Cognitive skills</b>			
<b>Problem-solving</b> <i>ability to think critically and analytically</i>	83	83	- no change
<b>Creativity</b> <i>measuring aspects of innovation, big-picture orientation, and curiosity</i>	81	74	-7 more focused on immediacies, less strategic



## AHGZ: Are changes in behaviour also to be assumed among other members of the C-Suite?

At the end of last year, we carried out a similar analysis of the entire C-Suite of accommodation, food service, and tourism companies. The focus here was on an organisation's key functions:

- Chief Executive Officers (CEOs)
- Chief Financial Officers (CFOs)
- Chief Operating Officers (COOs)
- Chief HR Officers (CHROs)
- Chief Commercial Officers (CCOs)

The results (see previous graphic [Table 1]) indicate that leadership teams as a whole show similar performance gaps as the previously analysed COOs and CHROs.

## AHGZ: Can you explain that a little more precisely?

In short, the C-Suite approached the challenges of the past year in a similar fashion to that of the COOs. Collectively, executives acted much more tactically, and they displayed a greater flexibility and nimbleness in the way they went about business. Long-term thinking, including adherence to established protocols and processes, was thrown overboard. However, the external pressure to act, and to act fast, also had a negative effect on the motivation and mental disposition of the C-Suite. Being forced to act by unforeseeable external circumstances, leaders were a lot less able to determine their own 'path to success' – often, this meant that the C-Suite acted against its own intrinsic

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values, beliefs, or choices. Such misalignment has only raised stress-levels and heightened feelings of alienation, fear, and distress – feelings further intensified by the C-Suites heightened sense of duty and care during the pandemic.

## AHGZ: And what about the interpersonal and people skills? Has the crisis taken its toll on the way the C-Suite interacted with, and managed, its staff?

As far as that is concerned, we have noticed that team building, and team development, have clearly lost their importance during these very difficult past few months. Instead, the C-Suite focused on efficiency and outcomes. Delegation and self-sufficiency were what it was all about in 2020 – contrary to the expectations of many, there was actually a lot less cooperation and less time spent on building consensus. What was missing was a unifying voice to ensure that everyone pulls together when rebuilding the business. It is also noteworthy to mention that such 'isolation' in decisions and actions has had the consequence that the mindset and mood of the individual leaders became significantly more pessimistic. All this is extremely detrimental when it comes to motivating teams for the expected upswing in business.

## AHGZ: What consequences should HR departments draw from this?

The task of the HR department is now to determine the extent to which it can and should work with select individual executives to better the situation. In particular, it should support or coach those to prepare themselves, psychologically and mentally, so that they have the necessary energy and drive to proactively drive and shape the recovery. In addition, the results of our analysis also indicate that HR departments really have to work now on aspects such



as the company culture or the provision of better, or more targeted, resources and support to avoid burnouts. As the evidence suggests, everyone has changed their behaviour, so HR professionals, as well as the C-Suite, should asked themselves: How can a leadership team that is so marked by the crisis, and which has had little time to take care of the well-being of the team, and their own, ignite the necessary motivation and inspiration to partake in, drive, and benefit from the upswing? This is exactly where the HR department has to get in and act as quickly as possible in order to get leadership to adjust, or normalise, its behavioural patterns.

#### About the Author

Thomas Mielke is Co-Founder and Managing Director of AETHOS Consulting Group – an established human capital advisory and executive search firm focused on hospitality, travel and real estate. He is a fully certified executive search consultant by the AESC, and has grown leadership teams on behalf of operators, private equity investors, institutional funds and family offices across Europe, Middle East and Africa.

Acting as a trusted advisor, Thomas equally supports organisations in identifying and developing values and best practices that define and foster a corporate culture and consults his clients on talent management programs.

He holds a BSc in International Hospitality Management from Ecole Hôtelière de Lausanne, has authored a broad variety of articles on leadership, recruitment and talent management, and has participated in and chaired numerous industry panel discussions. Thomas can be contacted on [tmielke@aethoscg.com](mailto:tmielke@aethoscg.com)

