



HOTELIER MOST EXCELLENT

Horst Schulze has little interest in spending his retirement days golfing with the neighbours. "You play golf, I like to play hotels," is his candidly unapologetic reply.

Tim Liu-McIntyre chats with the man behind the success of Ritz Carlton, and who's now bent on creating the world's most luxurious hotel.



Schulze believes that ultimate luxury is individualised attention.

Horst Schulze is no stranger to the hospitality industry. Prior to retiring in 2002, he was responsible for the US\$2 billion (S\$3.08 billion) Ritz-Carlton operations worldwide as Ritz-Carlton Hotels' President and COO. His contributions to the group, and to the hospitality industry as a whole, have been both quantitative and qualitative. In 1991, he was recognised as "corporate hotelier of the world" by *HOTELSMagazine*. In 1995, he was awarded the Ishikawa Medal for his personal contributions to the quality movement. In 1999, Johnson & Wales University gave him an honorary Doctor of Business Administration degree in Hospitality Management. 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 the award.

"Now, I'm going to create the best hotel company in the world," the President and CEO of the West Paces Hotel Group declares. Capella Hotels, the group's ultra luxury brand, will open its first hotel in Asia on Sentosa in mid 2008. And Schulze will be directly involved in the launch of at least six additional properties over the next two years.

Capella Hotels will be special. That much Schulze promises. Because its customers are different. And because the concept of luxury has changed. According to Schulze, it's a change many five-star hotels have not been able to accommodate. "True luxury does not speak to markets, but to individuals. Ultimate luxury is individualised. The ability to accommodate special diets and allergies, requests for

roller blades and pillows stuffed with mint leaves. This kind of luxury is never offered in hotels," Schulze explains. "Actually, this luxury was offered in the leading hotels over 100 years ago, but it disappeared when we institutionalised hotels. You definitely can't have individualised pillow stuffing when you run a 600-room hotel and have 500 guests. However, with a 100-room hotel, you can do anything."



Creating excellence is Schulze's goal.

LADIES AND GENTS, SERVING LADIES AND GENTS

Schulze's meteoric rise in the hospitality industry came from humble beginnings. Young Horst started working in hotels as a dishwasher and busboy, but had the good fortune to work under an exceptional maitre'd. "He constantly reminded us that we weren't there to wash dishes, but to create excellence. And Ritz-Carlton's motto — We are ladies and gentlemen serving ladies and gentlemen — came from that maitre'd," he says.

Schulze's view of the world revolves around this concept — Creating Excellence. And it's reinforced by respect for others and an emphasis on leveraging

shared objectives — themes central to the legendary success he's enjoyed building and motivating world beating teams.

"It's immoral to hire someone to fulfil a function. So, I sit with that person and say: this is our purpose, do you want to join us? I hire by values, then provide the training and the sustenance. When done right, employees feel empowered and take pride in what they do. At Ritz-Carlton, I empowered employees to make decisions of up to \$2,000. Every employee. I could trust them," he says.

LUXURY FOR THE TOP TWO PER CENT

Launched in 2005, the Capella concept is based on the recognition that the top two percent of business and leisure travellers want to determine their own experience rather than adapt to hotel-defined standards. "They want luxury that is subtle, rather than contrived, access to whatever they want when they want it, privacy, flawless service and the option to avail themselves of extended hotel services," says Schulze. "In essence, they want to be treated just as they would be while being hosted at a friend's private residence."

Capella Singapore will be the brand's first hotel in Asia and is expected to open for business in the summer of 2008. In addition to the ultra-luxurious 110 villas and suites, Capella Singapore will pay special attention to up to 60 guests living long-term in the resort's suites and villas. The property will be spread over 1,300,000sqft of lush rainforest. Two existing colonial buildings from the 1880s will form the centrepiece of the resort. Total development cost for the project is S\$250 million.





**"YOU CANNOT ACHIEVE EXCELLENCE BY MANAGEMENT,
ONLY BY LEADERSHIP."**

Schulze has his own notions of what constitutes good management. In fact, it's a term he loathes. "Management is about telling people what to do and making sure they do it. Leadership is about creating an

environment where they enjoy being a part of creating something extraordinary. You cannot achieve excellence by management, only by leadership."

Schulze cites the example of slow room service. "Management will tell the waiter to hurry up. Leadership is about getting yourself, waiter, kitchen staff and cashier sitting together to find why things are the way they are. And addressing the problem collectively. The employee is a part of the process that is being created," he explains. "Management is somebody sitting in an office alone, coming up with a flawed process to fix a problem he doesn't understand."

Schulze is characteristically modest when it comes to identifying the important people behind a successful hotel. "If the dishwasher doesn't wash dishes today, or if the maid doesn't clean the room today, then we have a disaster. If I don't go to work today, nobody even knows. I could easily miss a few days and it wouldn't make a difference," he explains.

IN THE SERVICE OF OTHERS

When he's not busy striking deals and opening hotels, Schulze heads home to "honour" his family. "It's important to nourish your body by eating right, nourish your knowledge by continually learning and nourish your soul by spending time with family and worshiping God in church," he says. Schulze also serves on the boards of the Cancer Treatment Centers of America, The Travel Institute, Georgia Family Council and The InfiLaw System.

Apart from fishing and tennis, Schulze likes cosying up to a good book. "I like to read about business of course, but also the works of the great philosophers: Plato and Aristotle.

Their thinking fascinates me." And without question, they have influenced him personally and professionally.

"I'm not here to create money, to travel the world and have a good time with my family, but to serve society," he adds. "And I expect my general managers to serve society." To be part of the West Paces team, partners and colleagues must agree to apportion 10 per cent of gross profits to charity. Only once this is done are profits distributed out to the respective stakeholders. "I always ask my general managers: This is your home, these are your neighbours, what are you doing for your community? Are you just living here, waiting to get transferred to Hawaii? Show me how you have made a positive contribution."

For Schulze, keeping the community happy is just as, if not more, important than thrilling well-heeled guests. "Reputations are not created by foreign visitors, but by the locals — how they feel about their country or their city. And the measure of success for me, is when Singaporeans say with pride: 'We have a Capella Hotel in town' or 'I want a friend to stay at The Capella Hotel because I want their holiday to be really special'."

DREAM ON

Having staved off cancer some 13 years ago, Schulze comes across as a man who is comfortable with his mortality. Yet at the same time, he is a man committed to a mission and not afraid to dream big. "What's your dream for yourself 10 years from now? Many people struggle with that question. They're scared of saying something big. It's important to dream — dream about something beautiful, and then go after it," says Schulze. "We set a vision for the company. It was an agonising decision done with our partners. We sat together and we argued and we shouted. Three days later, we walked out of the room with a unanimous vision for our future," says Schulze. "It's the same for myself and for my family. We've talked things through and have planned what we want to be as a family in 10 years."

Working with partners who share your values, says Schulze, is key. "When choosing a partner, I don't look at whether our businesses are aligned, but whether our values are aligned. The dollars and cents will always be there. If the philosophical values are aligned, you can do anything." ▲