

Announcer:

Welcome to The Carey Nieuwhof Leadership Podcast, a podcast all about leadership, change and personal growth. The goal? To help you lead like never before in your church or in your business. And now, your host, Carey Nieuwhof.

Carey Nieuwhof:

Well hey everybody, and welcome to episode 449 of the podcast. It's Carey here. Hope our time together today helps you thrive in life and leadership. Very excited to bring you Horst Schulze today. He's the founder of the Ritz Carlton and The Capella Hotel Group. And I've done a few conversations with him on this podcast and also in other forms. And I tell you, every time I learn something brand new from him. We're going to talk about the future of the hotel industry, why Millennials really love personalized service, and what gives young leaders a competitive edge. I know a lot of you are young who listen to this podcast. He's going to talk about a failure in his early life and why personal is really the future.

Carey Nieuwhof:

This episode is brought to you by World Vision. They have a new series which is so good for your soul called Right Side Up Soul Care with Danielle Strickland. You can get it for free at WorldVision.org/Carey and get 50% off the health benefits analysis this month by using the promo code CAREY50 at RemodelHealth.com/analysis.

Carey Nieuwhof:

Well, Horst Schulze is the founder of the Ritz Carlton Hotel Group, he is a legend and leader in the hotel world, his teachings and visions have reshaped the hotel industry and the concept of service around the world. He began his professional life more than 65 years ago and founded the Ritz Carlton Hotel Company in 1983. During his tenure, he was the president and the COO, responsible for two billion dollars in operations worldwide. Under his leadership, the Ritz Carlton Hotel Company became the first service-based company to be awarded the prestigious Malcolm Baldrige National Quality Award, and they did it twice.

Carey Nieuwhof:

Horst was also recognized as the Corporate Hotelier of the World by HOTELS Magazine. He was awarded the Ishikawa Medal for his personal contributions to the quality movement. And he has an honorary doctorate of business administration in hospitality management. He's been awarded and honored as a leader in luxury by travel agent magazines. And after leaving the Ritz Carlton Hotel Company, he went on to found The Capella Hotel Group. This luxury hotel company, which we'll talk about, manages some of the most elite properties in the world. We'll describe how he can do that and charge the money he does for that. And today he serves as an expert in residence at Arch and Tower, a boutique organizational strategic consulting firm. He's the author of his book, Excellence Wins, which I would highly recommend.

Carey Nieuwhof:

So, you're going to get your notebook open, I would suggest. I learned a ton in this. And of course you can get show notes at CareyNieuwhof.com/episode449. Can you believe it? We're approaching episode

500. And thank you to all of you who rate and review this podcast to let us know what it means to you. It means the world to us that you would do that.

Carey Nieuwhof:

Hey, this has been a meat grinder of a season for leaders. And it seems as we sink into the fall of 2021, I am hearing from more leaders who feel discouraged and defeated. Does your soul need care? Well, there's a brand new series that World Vision put together with Danielle Strickland and global leaders who are truly under persecution. It's called Right Side Up Soul Care. You don't even have to be the leader of a church. If you're leading a business and you're like, "Yeah, my soul's not in good shape," check it out. The church can be a force for good in the world, and World Vision's heart is for the church to be healthy and mobilized to serve people outside the four walls. If your soul could use some care, sign up today at WorldVision.org/Carey.

Carey Nieuwhof:

And some of you will remember in the 1980s retire benefits changed, pension plans got dropped, and 401K plans became all the rage, and it made sense since employees often got better benefits while employers ended up saving a ton of money. Now, did you know the same change has happened with health benefits over the past decade? Something called, "managed individual" is replacing old group plans like the 401Ks replaced pension plans. It's simple. Employers give the money; employees pick the plans. Now listeners of this podcast have already saved two and a half million dollars in the last 18 months making this shift, and their teams have gotten better coverage. That's right. You save money. Everybody gets better coverage. It's pretty incredible, and it wouldn't be possible without Remodel Health. They've been serving Christian organizations for five years, and they have a streamlined process to help you see what the 401K of health benefits could look like for your team. Their risk-free health benefits analysis let's you get a full preview of what the change would look like for your team. Normally it's \$35 per employees, but they're giving it to you for half that price in the month of September. Go to RemodelHealth.com/analysis. In that checkout, use the promo code CAREY50, and you will save 50%.

Carey Nieuwhof:

Well, with all that said, let's jump into my conversation with Ritz Carlton Hotel founder and Capella Group hotel founder, Horst Schulze. Horst, welcome back to the podcast. It's so good to have you.

Horst Schulze:

I'm delighted to be with you.

Carey Nieuwhof:

Yeah. So last time you were on, we talked about your origin story and that drive you had as a teenager. You had the maitre d' who taught you many things, and you decided you wanted to make hospitality your life. What I have learned since we last talked and spent some time together is that you almost checked out of your drive for excellence in hospitality, and it had something to do, a moment in a little apartment that you rented in the Tenderloin District of San Francisco. Can you take us there and tell us what happened, Horst?

Horst Schulze:

Okay. All right. That's kind of funny. Well, I have to start with the maitre d' to make the story clear.

Carey Nieuwhof:

Yeah. Sure.

Horst Schulze:

Before I left working with him for several years ... He was just an exceptional gentleman, and I was fortunate in my life to have a mentor like that. In the end, we all are what input we had in our life, and hopefully good one, and he was exceptional. But before I left him after working with I'm for three and a half years, he made me look in his eyes and promise him that I never go to work to work, that I only go to work, go to the workplace to create excellence, not just working. And he emphasized, and I'm using it, I'm kind of plagiarizing his comments, if you will. He said things like, "The chair in which you're sitting is working. You're a human being, you should be higher, think higher," and so on and so on. I promised him when I left there, "I will have that in mind every day."

Horst Schulze:

So I went on to work in the finest hotels in Europe, I mean truly in the finest hotels in Europe. I worked in Paris for a few years in the Plaza Athénée, in London in the Savoy, and so on and so on. And then I came to the US, and I worked in the Hilton in San Francisco. I lived relatively close by in a little furnished apartment. And my intent was I go back to Europe after two years, but I wanted to ... In order to start off this ... This was my career start off really. And I want to learn English, which I did somewhat, as you can tell. And I wanted to be promoted before I go out because I could see right away ... I worked as a room service waiter. I could see right away. There were four room service supervisors. And so one of them got promoted after a few months to restaurant manager. I said, "Wow, next time one of them gets promoted, that will be my job." And I know it would be because-

Carey Nieuwhof:

So you were a room service waiter at this point.

Horst Schulze:

Waiter, yeah.

Carey Nieuwhof:

On the hotel hierarchy for those of us who haven't worked in it, is that like mid level, low level? Like you're kind of starting out?

Horst Schulze:

It's very low.

Carey Nieuwhof:

Bottom, okay.

Horst Schulze:

It's just at bottom. But I wanted to be promoted to supervisor, and then after a year or so go back to Europe and finish my career. And I knew it would be my job because I was truly by far the best waiter there. The rest of them took orders and delivered food. I knew the [inaudible 00:08:45]. And I started

this. I came from hotel school and working with the finest hotels in Europe, so I knew it would be my job. But besides that, the room service manager was German too, so that was my job very clearly. And sure enough, a few months later one of the supervisors got promoted out again. There was my job, and I didn't get it. Somebody else was promoted to that job. Now the first reaction, that is I guess quite typical, was, "Stupid management," and so on, all those silly reactions. It took me a few months because my ego was bruised, my pride, my everything, my disappointing and everything. You have no idea how it hurt.

Horst Schulze:

But after a few months, I started to realize the young man who was promoted deserved it more. I come to that conclusion because I was young. I was partying in the evening. I went to work, and the next morning very tired. Mind you, we started at six o'clock usually. And I showed up a few minutes late, just a few minutes mind you. When the manager said, "Come on, let's do some side work because we have time right now, folding napkins," I said, "Why me? Why not them?" The young man who got promoted arrived happy in the morning, smiled. When the manager said, "Let's do side work," he said, "Happy to," and I didn't.

Horst Schulze:

When I came to that realization and acceptance, which was difficult ... I had to overcome my ego. And I went back to my little room and talked with my maitre d'. Now, he had passed away. He didn't show up as his ghost or anything like that, but I talked with him. I apologized that I went to work to work and not to create excellence. And I said that it's very clear I did it, and I promised him right there. I promised him. That means I promised myself. "This will never ever happen again. I have to manage myself so I go to work for excellence."

Horst Schulze:

So I wrote on the mirror where I shaved in the morning, "Go to work for excellence," and my career took off like a rocket ship, like a rocket ship. And I made up my mind, "Whatever job I do, I will not rest until I do it better than anyone else. And if sometimes that means just working harder or be five minutes earlier or stay five minutes longer and smile to my fellow workers and to my boss. And when my boss wants something, be happy about it, that I could comply, that I was allowed to comply, and do it good." And my career took didn't stop going on.

Carey Nieuwhof:

How did you get over the self pity and the, "It's a dumb boss, stupid hotel system"? That is self-talk that I think all of us have gotten into at one point or another. How did you ... Did you pull yourself out of it? Did you have a heart-to-heart, other than with the maitre d' in your head? What got you out?

Horst Schulze:

Truly only with myself and the maitre d'. It took a few months, mind you. It didn't happen overnight. And I watch it when I had ... And I happened to hit a mood where I was for a moment open to the fact that, to the truth that it was my fault. It was me and not them. It is so easy to ... And that's what we all do. We sit together and blame them. Even sometimes we don't even know who they are, but we blame them. And instead of seeking ... And I come to the conclusion even then, "I have to manage what I can manage, not what they manage, not what they manage, but I have to manage myself. I'm responsible for myself."

Carey Nieuwhof:

So, Horst, we have thousands of young leaders listening. And they can probably hear a little of themselves in the story. I know I can, still. Even now sometimes it's like, "Pull up your socks, Nieuwhof." What changes did you make when you went from working for work's sake to working for excellence? And how old were you at the time? Were you a teenager still? Were you 20-something?

Horst Schulze:

No, I was 24.

Carey Nieuwhof:

24, okay. So you're 24. Your attitude shifts. What was different about the Horst that showed up the next day and in the ensuing months and years?

Horst Schulze:

Mostly attitude, mostly behavior and attitude. Attitude of ... I made up my mind, first of all, I will never ever be late again, never ever. I think in fact in the meantime I had become ... I was possessed with that. I believe it's an insult to be late with people. But walking in late, "Wait a minute. What's the big deal? I'm only five minutes late." And there are 20 people there. That means 100 minutes, by the way. So that became clear to me. That's the one thing that should be easy to be done. That was my answer. And then respond positive about needs that there are. I made up my mind there. And I knew I crumbled all the time when I had to do something extra. And I said, "This will never happen again. I will do it. I'm happy that I have the opportunity to show that I care," and responding with that. I made up my mind.

Horst Schulze:

At the same time, I realized how I got to work in the morning, not only with my boss, I'm very tired. I walk by everybody and crumble, don't even say good morning. And I said, "Wait a minute. That means I'm not defining my work environment." I can even inform ... And I noticed that when I made up my mind. I went in and said, "Hello," friendly. Then all of a sudden people responded friendly to me because I was friendly to them. And this simple understanding came. "Wait a minute. I want a good work environment. I'm responsible for my work environment. I can create it." Those things hit me and really changed my life. The fact that I was not promoted was a major impact in my life.

Carey Nieuwhof:

It's interesting. We've spoken, I've had you speak at a couple of events I've hosted. And I noticed you showed up early. And even on the technology we're using to record today, I'm like, "I'm going to dial in a couple minutes early," and boom, you were there. That's something you've kept for decades now.

Horst Schulze:

Yeah. Well, in fact also, everybody knew when I called a meeting at three o'clock, people showed up at five minutes after 3:00. And they also knew that a couple of minutes after 3:00, I would lock the door. Well, if I would have meant two minutes after 3:00, I would have said so. I wasn't lying.

Carey Nieuwhof:

Now, what would you say to ... Okay. Here's a question for you. He would say, "Really?" Like was that then and this now, or are those still the attitudes that you look for in the team members around you?

Horst Schulze:

Well, you can't help. You look for the other tools that become part of you. You cannot help that. Even though I of course with age learned to be more compassionate about a mistake here or there. And I learned to accept the exceptions. But at the same time, I believe ... Look, one of the honors of managing or being a leader or being a manager is that you can positive impact the life of others. No. I'm not doing that. I'm not positively impacting their life by compromising. But by being strongly showing them what makes them successful in life, what will be respected by people. And that means ... And I've always felt, when I run a company, that I am responsible, and I cannot delegate. I'm responsible for the standards of the organization. That includes things like being timely and so on. That includes that.

Horst Schulze:

So the two things that I never delegated was the vision of the organization. I'm responsible to take the organization to that vision. If I'm a good leader and have identified that the vision is good for everybody. Mind you, that has to ... That plays a key role. If I know the vision is good for everybody, in this moment as a leader, that is my responsibility to take the organization to that vision. And Ritz Carlton was very simply, "I want to create the finest hotel company in the world." Now, clearly, I had to ask myself, "Is this good for the investors? Is this good for every employee? Is this good for the customer? And is it good for society?" Now, personally I had to take another step, but I'm not selling that. I'm not trying to push anything on anybody here. I had asked myself, "Would God approve?" Once the answer in all five points were clearly yes, I had no more right to compromise this, not even to the point of delegating it to somebody else. That's my role.

Horst Schulze:

And the other role was to set the standards, to maintain the standards that would get us there, so the two are connected. And that includes the general behavior of the organization. Timeliness is extremely important, and it was confirmed to me very, very strongly. I wanted to know in the beginning of Ritz Carlton, "How long does it take before people get very upset when they check-in in the evening, during rush hour check-in, and have to wait?" Because we knew people were kind of getting really upset slowly, if they waited. And so we studied that, and we knew it was okay. It was okay if they waited four minutes, but after four minutes they were starting to get annoyed. So we went out with soft drinks and conversation after two minutes and talked to the line, so they wouldn't know this had went over four minutes. Well, we looked at that. We looked at that relatively recently, and today they get upset after 20 seconds.

Carey Nieuwhof:

That is true.

Horst Schulze:

So, timeliness is extremely important. You don't want to wait for anything. You want to buy a bottle of water, you want it now. You don't want it when they want to give it to you. You want it ... So timeliness was very, very important. So I have to ... In that moment, I have to make sure it exists in my organization, and I teach it to the people that work with me. And that's my obligation as a leader.

Carey Nieuwhof:

One of the other characteristics I've picked up in you and I've seen in other high performing leaders, and I don't know what exactly to call it, so I'll describe it. But when you and I were talking about this interview today, I said, "Do you have any time constraints?" And you said, "I'm all yours." And that has been my experience with you. And you run a lot. I mean, you founded the Ritz Carlton. You are on the board at Capella Hotel Group now. You're very busy. You're very active. But when I have been with you, you have been fully present. And I find there's a lot of leaders who are kind of distracted or like, "Yeah, I can give you two minutes," or they're on their phone or whatever. Is that something you have cultivated intentionally? Is that a characteristic you see in other leaders you admire?

Horst Schulze:

No, it's very intentionally. It's very intentional. When you ask to participate one more time on the podcast, I have to look. Do I have time? Can I really serve you? If I say yes, I have accepted that I have to do this right. Or I will say, "No, I cannot do it." I have to question myself, "Can I do this right?" And of course to force you into a time constraint means I'm not really accepting to do it right for you. In this moment, I accept it. It's not different than look at your customer.

Horst Schulze:

Look, you're serving people. The moment was that we're serving them in some form. I always explain service has three stages. The first stage is the initial contact, "Welcome. Good morning. Good afternoon. Good greeting," obviously. The second stage is not about you. It's about the other person. It's not about you anymore. So you have to say ... And so you have to put yourself in a mind frame that, "I will do my very best in what I'm doing for you. I'm going to create my product around for you. I make sure you make the right decisions with me." And that's the second step of service, when you have a customer. And the third step, of course, is saying, "Farewell. Thank you for allowing me to be with you."

Horst Schulze:

Now, the same thing is in this moment of relationship. That's how I look at it. So I look at it. "Do I have time? When can we do it?" And then make sure. I try to block ... Sometimes it's impossible because you have another one happen, and you have to kind of put them in between. I always try to block time after, just in case it runs over, just in case you need something, and that is an automatic response to me based on my service industry background.

Carey Nieuwhof:

That seems to be a not very common skill that I really appreciate and see as a common thread in some of the leaders, the top tier leaders I have the privilege of interviewing. There's a lot of young leaders listening. What are some other qualities and characteristics that you really look for in young leaders, Horst?

Horst Schulze:

When I interview people, of course I try to see, "Do you have purpose and vision in life, or are you just living along? Do you want to be ... " because if you have some purpose and vision, then I can invite you to participate in my purpose and my organization's purpose. Some people realize. Some people feel it, not consciously maybe, that nothing is worthwhile unless it has purpose. Again, you don't go to work to just work and fulfill a function. Fulfilling a function ... My chair, as I mentioned earlier, is for filling a function. Human beings should be going to work to create excellence and be part of a purpose, and the purpose should be the driver of everything. I don't have a meeting without discussing this. Saying, "If

this meeting is not serving our purpose ... " in the case of Ritz Carlton, to become the finest hotel company in the world. If we have a meeting here, or whatever we do right now, if it doesn't serve that purpose, we shouldn't have it. It's purpose.

Horst Schulze:

And young people should, have to understand you have to ... What you have to understand also, what I would want them to understand is that at work they define themselves. That's where they define themselves. People, "Oh, work, work," and then their life is different." It's not. Most of your waking life is at work, ladies and gentlemen, like it or not. Why not take advantage of that time and define yourself as an exceptional human being while you're doing your job? And those things come together. It's about you. And when you interview people, you want to see, "Do they have that kind of understanding, or is that silly to them?"

Horst Schulze:

And it's interesting. The Millennials, it's very interesting. In service shown that there are two things about the Millennials that are ... The one thing they say is, "Do it the way I want it. It's my way." With other words, if I would have gone to a McDonald, I would have said, "I take the number one." The Millennial says, "I take the number one, but give me two slice tomato and a half a pickle and no lettuce. Do it my way." Do it my way is the attitude of the Millennial. But at the same time, the work attitude of the Millennial is, "What's in it for me? What is in it for me?"

Horst Schulze:

And when you really listen ... And of course I thought about that too when I was young man, except I was afraid to ask. Who am I to ask? But they have no question asking that. And when you show them, if they have a good reaction when you show them that they're part of a purpose, and of course ... So I had to show them at the Ritz Carlton, "Our purpose is to become the finest in the world. Let me know ... So I'm telling you, join me in doing that. Become part of a purpose. Don't come to work here. Come here for the intent of become the finest in the world. And here's my motive." And that's what you have to do as leaders. "Here's my motive. This way we will grow, and you will have opportunities. This way we will be respected, so will you be." So connecting the Millennials to the purpose and motive of the organization will make it very clear to them what's in it for them, very clear. When you interview young people, you have to seek, "Do they get that?" And you have to determine if they get that. If they get that, they become loyal to the organization because they're now become part.

Carey Nieuwhof:

You're totally right on that. And I was going to encourage people to read your book, Excellence Wins, which is a fantastic book. I have so much underlined in that book. And also you can listen back to the first interview, which we will link to in the show notes, that I did with Horst a couple years ago. Because those are principles you can teach, and that is the thing. It's not like you find a whole lot of people. Yeah, you hire to a certain profile, but then you can teach them these things, which is so good.

Carey Nieuwhof:

One more question just about characteristics. You think about your life. You're extremely busy. Your time is valuable. It's not like you're sitting around going, "Oh, I'll give Carey an hour, 90 minutes." You've got a lot of stuff to do with your life. How do you say no? Do you have a filter that you use for what you

allow to come onto your calendar, what you don't? And then how do you say no without offending everyone around you?

Horst Schulze:

That's a difficult question. That's a question I ask myself all the time. I have to be very honest. The filter is someone, my assistant. We look at every request. The request of participations come constant. They're constant, "Can I just talk to you?" It is overwhelming, and you can't do everything, and I have a hard time saying no. Because particularly when you come to my age, what do I want to do? I want to serve people. I want to help people to see how to build a career and how to be successful. You want to serve. And then all of a sudden, you say no. And another endorsement of another book and so on. It's very difficult. So I kind of feel really hopeless in that. And so I always says, "I want to. And here's how you go back. And I'm just overwhelmed. I cannot do it. Please forgive me, I cannot do it." But that's the answer that I have to say. Very honestly, I used to make excuses. That's kind of silly. I felt rather silly to do that, so just saying, "Sorry. Forgive me, but I cannot do it. Time wise, whatever, cannot do it."

Carey Nieuwhof:

I've never put in the forgive me. Because I've thought about this a lot. I've asked a lot of guests on this podcast. I've got a section in my new book. But that forgive me, if it's sincere, and it is ... I'm the same way as you.

Horst Schulze:

Oh yeah.

Carey Nieuwhof:

You probably get way more requests than I do, but I get more than I can possibly handle. But I do think that forgive me is a really good way to approach it.

Horst Schulze:

Interestingly, we had a pretty good study on that. And in fact, how do you handle ... It's related. How do you handle a guest that has a problem? We called it problem resolution. We in fact certified every employee around the world. Mind you, the Ritz Carlton, we were in five continents. And every one of our hotels was the leader in the market segment were we were. But every employee, 20-some thousand employees was certified in problem resolution, how do you say I'm sorry. So, when a guest had an issue, the point was I didn't want to lose that guest. A guest that's unhappy, particularly today, watch out. A guest that's unhappy becomes a terrorist against your company, and you, against you. So we taught how do make sure that a guest that's unhappy doesn't become a terrorist, in fact, becomes an ambassador.

Horst Schulze:

So the way to handle that, number one, if a complaint comes, a concern, number one, listen. Attentively listen. Don't look the other way. Even if a pretty girl walks by, don't look at her. Look him in the eye. Listen. Number two, show empathy. Number three, apologize. And never said, "They." Don't do that. And say ... always say, "Forgive me." And if the guest that had a TV problems complains to the busboy, and the busboy says, "Forgive me," the complainer nearly feels embarrassed that he ever even complained. But why did he complain? He or she, of course. Why did he complain? He wanted to get rid of his frustration. And now suddenly somebody totally accepted that frustration, and that moment's

gone. But if you don't accept it, say, "Well, they ... Well, I will tell them," frustration will go up. Because the only reason they tell you is to get rid of that frustration. Now, the fourth step to us was make amends. And we had a fifth step, delight them. That means the busboy was now requested to find out what room that guest is in, make sure that the TV gets repaired right away, and then send the guest some cookies or some fruit or something and say, "I just want to apologize once more."

Horst Schulze:

Can you imagine? That guest, instead of becoming a terrorist, became an ambassador. And it's no different in generally handling thing. "Forgive me. I am sorry." In that moment, people will forgive you. But just say, "Sorry. No, forgive me. I'm sorry."

Carey Nieuwhof:

That is a master class in handling adversity. It's funny. I've done a lot of work in my backyard this year and had a lot of projects done around the house, and not a whole lot has gone right in 2021. The rarity of someone actually apologizing for their mistakes is just so rare these days, even in Canada which has a reputation for being polite, Horst. I mean, I had my boat washed by the marina this year, and they didn't do a very good job, and they acknowledged that it wasn't right, but nobody apologized. And I'm there in the yard with the marina manager, with a senior mechanic who's fixing something they said they couldn't fix for three weeks, and yet it was a little D ring that he was able to put on in two seconds.

Carey Nieuwhof:

And there was a 21-year-old kid, young adult who was there, and he was the new boat dealer. And he could see that I was not very happy. And I was like mad or anything, but he could tell they had really let him down. Of all the people there, including the marina, it was the 21-year-old who came to me, looked me in the eye, and said, "I'm sorry. We have really let you down." I pulled him aside after and I said, "This has been a bit of a gong show for sure," because it was a five-week process in getting my boat back, and it still wasn't done, and blah, blah, blah, big problems. But anyway ... I'm saying that sarcastically. But I said to him, "You have a future. If you keep that attitude and don't lose that ... My goodness, that is a superpower in this world." So I'm just underscoring what you said. And that can be trained, right? That's what people forget.

Horst Schulze:

Absolutely. Absolutely. We certified everybody in that, and we empowered them. We empowered every employee up to \$2,000 to move heaven and Earth to keep a guest who has an issue. Today that's much more important. During my time, it was so important to me in the hotel business because the guest isn't just a guest, but usually the travel agent calls the guest and, "How was your stay?" And if that guest said, "Wasn't good," I didn't only lose that guest. I lost the travel agency. Today, it's much worse. They can go on the internet, on social networking and destroy you.

Carey Nieuwhof:

Yeah, lots of 1-star reviews out there, right?

Horst Schulze:

So how can you not teach your employees and empower your employees to make sure nobody leaves unhappy? How can you not do that? So that was very clear to me. So I went [inaudible 00:36:13] and at

the same time, I wanted to tell my employees, who I established high expectation ... I established them. I wanted to tell them all, "I trust you to not let that happen. And I trust you up to \$2,000. And I won't question you." And by the way, hardly anybody ever gave \$2,000, nobody in fact. One incident that cost \$2,000 was. The rest, they bought some cookies or bought breakfast for somebody, and the guests were amazed. The guests were amazed.

Carey Nieuwhof:

I want to talk about that. We touched on that in the first interview. I've never forgotten it. But for those who maybe it's not close to their memory. They never heard your first interview, haven't read your book. That is such a powerful principle. So you empowered every employee from the person changing the light bulb to the busboy that you were at 24-

Horst Schulze:

Anybody.

Carey Nieuwhof:

... to spend up to \$2,000 to resolve a problem. And you had how many employees worldwide, roughly?

Horst Schulze:

24,000.

Carey Nieuwhof:

24,000. So do the math. I'm not good at math, but 2,000 times 24,000, that's a lot of money every day that could disappear, right?

Horst Schulze:

Yeah.

Carey Nieuwhof:

And I can see the bean counters going, "Horst, that's a disaster. We're going to be bankrupt in minutes. That will eat into profitability." Why was that such an effective policy?

Horst Schulze:

Look, I was sued for mismanagement by several hotel owners. Why was it important-

Carey Nieuwhof:

Really? I didn't know that. What happened with that?

Horst Schulze:

Yeah. But it all, it never went that far. They all all of a sudden saw this is working. It was very simply this very reason. And mind you, I didn't just start, woke up and said, "Well, let me ask everybody give \$2,000 away." My concern was, "How can I keep every customer. How can I keep every guest?" For me, a great organization to me does four things. Number one, keep the customers that you have. Never lose a customer. Be sure your customer goes out and recommends you and wants to come back. That

measurement to me is the most important measurement. Now, there are two, three other things, but they cannot interfere with number one. Number two, you find new ones. Number three, you get as much money as you can from your customer, because they trust you, but you don't lose them. And number four, you work efficiently, not cheap, efficient. So, that's what you do. That was clear to me. I have to keep the customers. They have to leave and recommend to others.

Horst Schulze:

Besides that, I knew the average age of my customer. They were low 40s, just over 40. So with other words, they could travel another 30 years, which because of the average spending that they did, they would be worth about \$200,000. So why wouldn't I invest \$2,000 to keep them and through that gain new ones? That was the issue. The issue was not giving \$2,000. But at the same time, I realized if I do that, I will be clearly able to tell all my employees, "I trust you. I trust you to do this," and nobody misused it, nobody, never. And beautiful stories came out of that, wonderful stories, and many excited customer, lifelong customers.

Carey Nieuwhof:

Can you give us an example or two of some of your favorite stories of employees using it?

Horst Schulze:

I always enjoy telling this story because this was so overwhelming. This young couple who checked in in Cancún, honeymoon couple. And the first day he lost his ring in the sand on a beach. And this was crying and disaster and digging, and the more you dig, the more it's gone, obviously. And it becomes evening, and the beaches close. And the four beach attendants ran and bought four metal detectors. They didn't have to ask a manager. Let's face it, if they would have asked a manager, probably the manager would have said, "Well, you won't find it anyway," or, "Okay, buy one." They bought four. Each one bought one, and they found the ring. The next morning, they had their ring back. They cried more than the night before. And the young man went and wrote to every newspaper and went on TV interviews and radio interviews and talk about this ring, this company who really cared. It was immeasurable-

Carey Nieuwhof:

That would make Good Morning America. That would make The Today Show. That's incredible.

Horst Schulze:

Millions of PR and a loyal customer. Such beautiful stories, so many beautiful stories that happened. It makes you want to cry sometimes, what the employees all did to take care of the customer. That was the reputation the Ritz Carlton had. I was recently ... In a speech, I was applauded because I was in the room. They didn't applaud me, they applauded the reputation that Ritz Carlton had. But think about every employee was defined by that. And I always say if today there would be a job opening and 100 employees applying, the Ritz Carlton employee that applies, the ex Ritz Carlton employee would get the job because of the image that we created. That's why young people, if you go to work, define yourself as excellence. And like it or not, you're very much defined by the image of your organization, so help make it a good image.

Carey Nieuwhof:

What else did you do when you co-founded Ritz Carlton that, and along the way, along your whole journey where your peers or colleagues thought you were crazy? Where they said, "Why are you even doing that?" I'm sure there must have been moments?

Horst Schulze:

There's sad moments too. For example, and I never forget it because it pierced me in a sense. I made it very clear I want everybody to know the purpose of the company. We don't hire people who come here to work. Hire them to join the purpose of becoming the very best. And one of the general manager said, "You actually want to talk to dishwashers about purpose?" "How dare you. How dare you. You mean with other words, they just can wash dishes without more?" I mean, you learn those things is outrageous. Aristotle said, taught, "You cannot be fulfilled without purpose and belonging." So, if we are leaders, why wouldn't we offer purpose and belonging for them, and selfishly for the organization at the same time?

Horst Schulze:

So many moments you have when you work where you're absolutely enthralled and how wonderful. Here is a doorman. And there was a customer, became ill late in the night. And the doorman took him to the hospital. He was empowered to move heaven and Earth to keep the customer. Took him to the hospital in the middle of the night. In the night, about two o'clock in the morning, and stayed with him until eight o'clock in the morning in the hospital. And from there, on his telephone informed the hotel, informed the family of the guest, and so on. Now, when you get that message back to your office, you want to cry, and you want to go and hug this doorman. And it's such many beautiful ... He didn't question himself. He knew he was supposed to move heaven and Earth to help the customer. That was his role. And if it cost money, so be it.

Carey Nieuwhof:

How do you ... Because my grandfather was a janitor. I worked as a janitor at my dad's company, and was a busboy actually at a restaurant when I was in college.

Horst Schulze:

So was I.

Carey Nieuwhof:

So I have worked a little bit. How do you instill dignity to those who might not normally find dignity in their work?

Horst Schulze:

We touch on that in our last speech.

Carey Nieuwhof:

Yeah, we did.

Horst Schulze:

I learned from my maitre d' again, when I was there, who told me constantly, "Excellence." And I didn't get it when I was 14 years old. It took me a while. I went once a week to hotel school, typical German

upbringing. And after two years, we were asked to write an essay, what we now feel about our industry. And I thought about the maitre d' who I realized that night when he approached a table, the guests at that table were proud that he came to them. And I questioned myself why. After all, we were supposed to be the servants, and they the very fine ladies and gentlemen, the guests in that hotel. And I realized they were proud because that gentlemen had defined themselves as a fine ... a person of excellence. And that's when I wrote my essay and named it, We are Ladies and Gentlemen, Servant Ladies and Gentlemen.

Horst Schulze:

And I took it with me. When I started Ritz Carlton, I made that the motto of the company. And I made it very clear to everybody. "You're not servants. You're ladies and gentlemen, unless you sentence yourself to be less, but you are ladies and gentlemen. And if you do excellence in what you are doing, you are defining yourself as a lady or gentleman. Only you can define yourself as less." When you tell them that, and I made it very clear, "Our profession is service, but we're not servants. We are ladies and gentlemen, and our job is service to ladies and gentlemen." And that is a beautiful art to care for people.

Carey Nieuwhof:

So powerful. That really is. When you came to America ... I want to hop back to where you were in San Francisco. So you'd been trained at some of the finest hotels in Europe, seen that. You came to America when you're 24 years old. You're working at a lower level. What were some of the gaps in service between what you had experienced in Europe and America at the time?

Horst Schulze:

Mind you, I kind of omit that because my first job when I came in, I went actually to Houston. I was there only two weeks. Mind you, I come truly ... This shows you how culture differences, some that are so stupid and not understood, and your thoughts are so stupid sometime. I had one. The funniest thing is when I tell my kids that and they laugh at. I arrive in Houston, in a nice hotel mind you. It was pretty new, and I was hired by a manager of the hotel. He saw me working as a waiter in the Savoy in London. He hired me to come over to US. I came legally here, legally. And worked in that restaurant. The first night I worked actually as a waiter in that restaurant. I had an order for fish, a fish order.

Horst Schulze:

And so I looked in a hurry, "Where is my fish knife and my fish fork? Where are they?" It would have been unthinkable in a fine restaurant in Europe to serve fish without fish fork. And there was none. There were none. I nearly quit that moment. "How can I serve fish? Now I don't have any." So there's some real gaps for the moment that happened. That's how silly you can think though, and the cultural gap that exists, and thinking absolutely certain that you believe is right. Well, it's not. It's not.

Carey Nieuwhof:

For the record, I don't know what a fish fork is. And I've been Europe. So I guess I've got some learning to do, Horst.

Horst Schulze:

For the record, I haven't seen any for many years. Not at home, nor anywhere else.

Carey Nieuwhof:

But you would see that. What were some of the other differences you saw between Europe and America?

Horst Schulze:

A key difference was in Europe in those finer hotels, we knew exactly ... We had learned exactly from which side you serve forks and so on. There was no importance relative to that. There was more importance here to be nice. And really in the finest ... during my time, I cannot judge so well now. In those very fine restaurant ... Mind you, these are the finest in the world at the time. There was an arrogance about us as a waiter. This was an arrogance. We were ... And I developed through that when I came here and saw the guest doesn't really care if I put his soup in from the left or the right, as long as I'm nice about it. And that silly thing of being that precise and being even arrogant about it. So I came to the realization very much so. And then I worked for a while in a French restaurant, also on the side in San Francisco. There was an arrogance in all the European waiters that were there. And I developed the phrase, simply, elegance. They were all so elegant, but without warmth. Elegance without warmth is arrogance.

Carey Nieuwhof:

Oh wow.

Horst Schulze:

And I learned here the service wasn't arrogant at all. And often in the restaurants where I worked, it was a lot of arrogance that we had. So that was a real difference. And said, "Wow. I have to mix this and put as much professionalism in," and that's what I try to do with the Ritz Carlton, and put it a little bit more professional, but keep the warmth of the American caring human being. And that was the success that we had. I mixed the two a little bit. And I made it even stronger in Capella later. Of course, Capella is a different story. Capella is ultra luxury. Ritz Carlton is luxury. Capella, we went to an ultra luxury mode, but the philosophy the same. We just tweaked it even more.

Carey Nieuwhof:

What would the difference be between Ritz Carlton and Capella? Because there's only a handful of Capella hotels, right? in most countries.

Horst Schulze:

Well, there's a good reason for that. And there won't be that many because ... Take Singapore, and most of you and your listeners may know our hotel in Singapore. You may have seen when President Trump met with Kim from North Korea, they met in the Capella in Singapore.

Carey Nieuwhof:

Ah, that's good to know.

Horst Schulze:

Close by is the Ritz Carlton, which I was part of creating and opened, a fabulous hotel. The Ritz Carlton in Singapore is fabulous, absolutely fabulous. And they're running about an average rate of about \$400, \$450 a night. Great hotel. 10 minutes away is a Capella. We run \$1,200 a night. That's the difference.

Carey Nieuwhof:

Yeah. There you go. So what is the difference then in terms of service and standards?

Horst Schulze:

Well, mind you, in a Ritz Carlton ... We serve you well in the way we possibly can as an individual. In a Capella, it's all individualized. In fact, when you make reservation, we call you. "What can we do for you?" My teaching was ... Mind you, I started that company totally myself. My teaching was simply, "We do absolutely everything for the guest. As long as it is legal, moral and ethical, we do it, period. We call you before ... After you make a reservation, we call you and say, "You're coming to Singapore," hypothetically Singapore. "You come to Singapore. What can we do for you in Singapore? Do you have any allergy? Any needs? Should we make reservations for you? What is it you want?" There's no check-in time, no check-out time. We will have a room when you arrive, period. Even if I have to keep a room free the night before, it doesn't matter. You check-out. As long as you check-out before dark, it's fine. There's no check-in time. There is no hours of operation. You tell me when you want to eat. We'll open half an hour earlier the restaurant. That's fine, or 1:00. And we keep it longer open if you want to. It's all about you.

Carey Nieuwhof:

Yes it is. That does.

Horst Schulze:

And of course, that takes costs. And of course, all the finishes. And there's a lot of cost elements involved here. So I cannot ... We cannot put ... I sold the company two years ago. But we cannot put a Capella just anywhere. A Ritz Carlton, I can put many places. But a Capella, because I need a very high rate and high occupancy, otherwise I can't do what we're doing.

Carey Nieuwhof:

So, COVID hit a couple years ago, last year. And I've read, and you can correct me if my research is wrong, that you called about 30 friends in your business when COVID hit and gave them advice on what to do during COVID, and apparently nobody followed it or very few did. What advice did you give them?

Horst Schulze:

A few of them did. Yeah. The number one thing ... Well, I said, "Let's look at the very tough situation's hit us. And let's accept the difficulty that is going to come at us. Let's accept it." And that takes some very, very hard decision. But how do you make those hard decisions? Those decisions that you may have to cry over but that you have a responsibility to make.

Horst Schulze:

Number one though, do not change the vision that you have. Do not change your purpose. If your purpose was to become the best in your location, that should not change. The purpose has to stay the same. Number two, your values cannot change. Your values generally cannot change, even though they're very hard decision, but they have to be within your values. Number three, be sure. Figure out, sit down, figure out, "How can I make sure that my customers, as many as I can touch, think higher of me once we're through corona than they thought before?" That means you stay in contact with them. Your travel agents, be sure you talk to them. Not all of a sudden because they're not selling business to you

forget them. Communicate with them and so on. Next, you have to let some employees go, but be sure you keep the very best ones. But the rest, they have to go, but figure out how they can be the first one to come back, the ones that you let go, but stay in contact with them. Keep a relationship going, but the fact is some of them have to go.

Horst Schulze:

So those are very tough decisions that I talked with them through how to handle these things and how to communicate those things. And of course, it has to be when you ... If you re-open, don't talk about your luxury anymore. Talk about how safe you are, but be sure you are. Let's be sure. Question yourself, "Is my hotel safer than anybody else's?" If that's not a question that you have, that you agonize over and apply, then you shouldn't be even in our business right now because safety of human beings comes first. Those are the types of conversations I had, obviously.

Carey Nieuwhof:

Well, that's good advice. That's really good advice. The landscape is changing. In the last decade, Airbnb emerged, and hoteling is very different than it was a decade ago. So, I don't own a hotel. I just stay in them from time to time. But assume I'm a client that you're consulting with, and I'm like, "Horst, tell me how to compete as a hotel in the era of Airbnb." What would you tell me? What would your advice be?

Horst Schulze:

Well, what can be the difference? So be sure you're superior in the difference that you create. Number one, of course, is service. You don't have to wash dishes when you're in our hotel. You don't have to wash your own dishes. We wash them for you. You have room service. You have all those things. Be sure that those things are exceptional. But the other thing that has to be exceptional is the safety in your hotel, again, if it is corona or if it is fire safety. The apartment that you're going to rent doesn't have sprinklers and a system and immediately know if it happens. Be sure that you have it, but have it right.

Horst Schulze:

So, identify all the differentiation. Be sure that the differentiation is very well managed, that you're exceptional in it. But the fact is we are in a huge change that is happening, huge change in the hotel business, and that includes Airbnb. The traditional hotels that you know today, even the great names, even some of them who I was involved with in creating, pretty soon you check-in on this thing over here. You make a reservation on this thing. You arrive. You call your elevator. You go to your room. You open your room. You check out. In other words, hospitality is not a part anymore. Most of those hotels will become sleeping commodities, sleeping commodities.

Horst Schulze:

But that's a beautiful opportunity for hotels that are still offering hospitality. I'm not dismissing that. Mind you, I'm not dismissing that. I will do that too, but at the same time I will create more hospitality than ever before. And I will do it in a way where if you experience it, and then you go the apartment that you rented in the Airbnb where there's nobody welcoming you, and nobody's saying to you, "I'm here for you 24 hours, no matter what happens to you. Even if you fall ill in the middle of the night, I'm here for you." That's what I have to say and be there and has to be clear to you when you check into my hotel, even though you made reservation here. But I'm still wait for you and check, work and be with you. I'm still a human being that is available to you anytime, truly are. So those elements I have to

greatly improve. In that moment, I am proof against the commodities of sleeping that are developing today and against a Airbnb.

Carey Nieuwhof:

Yeah. It's interesting because I've sensed that a lot of companies, for real reasons, have used COVID to cutback. They've had to, but I feel like service has been dialed back, even when COVID no longer justifies it. In other words, "We'll have shorter hours, or there will be fewer services." I've been to a boutique hotel. My first day in Toronto a couple months ago, because we were pretty much grounded here for a year. It was at a boutique hotel I'd never stayed before. And it was that anonymous experience you talked about, check-in on your phone via text. There was no one at the hotel. It was all remote if you had a question. And I felt like, "Am I on another planet now?" Like I am wanting to talk to a human being. And it certainly wasn't a discount hotel. It was actually a fairly expensive hotel. And I'm like ... I don't know. I feel like there's a massive opportunity for service that many organizations are missing, Horst.

Horst Schulze:

Massive. This, what is happening right now will create unbelievable opportunity for people that want to create hotels, hospitality hotels. Hospitality is such a beautiful thing, but it means ... What's hospitality? It is a beautiful story. Saint Benedict, in the year 500, mind you, he rode to his monasteries. Mind you, at that time, travelers stopped in monasteries. And he wrote down, "If a guest arrives, treat them as if it was Jesus himself." And then, in fact, the abbot, the head of the monastery, "If the guest is by himself," men only stayed there, "Be sure you join him for dinner, even if you have to break your fast. But before dinner, wash their feet." Uh-huh (affirmative). Now that's hospitality. That is true hospitality.

Horst Schulze:

Now, I don't quite wash your feet, but when you come to the hotel, you have to feel, "I'm actually a human being. That says I'm here for you," and mean it, and mean it, and show it, and welcome them and so on. And if I'm going to do that, if you check into my hotel, I promise you ... I promise you, if I would still do a hotel, if you check in, particularly today, you would want to say, "Gosh, I can't wait to come back." Your question today is, "If a guest checks out of your hotel, are they anxious to come back?" And if they are, they won't look for an Airbnb or for one of the sleeping commodities, even though they'll pay less there.

Horst Schulze:

Here's the fascinating thing. The reason service shows that ... Recent, 70% of the market says, "I'm willing to pay more for the same product if somebody really cares for me," service. And here's something even more important, over 80% of the Millennials say so. Wow.

Carey Nieuwhof:

Wow.

Horst Schulze:

And pretty soon all your customer are Millennials. If I know that in a clearly defined survey, why would I become a commodity?

Carey Nieuwhof:

That's so interesting. You're running this through a filter in my mind. So this has been a strange 18 months, two years. But these people I know in a little town just north of here started a restaurant. And we visited them for the first time right as the lockdown was starting. And they're the restaurant we visited 90% of the time in the last year and a half when they've been open. And they'll be on my podcast, Simon and Darcy. So if you're listening, shout out. And the food is incredible. But you know what it was? They make you feel like you're the only person in the restaurant, and they genuinely care. And they've got ... They opened up a second business, which I think is incredible. It's one of the reasons I want to interview them. But you're right. I think that is so ... It feels increasingly scarce. And when you have it, it is gold. It's platinum.

Horst Schulze:

Carey, you sit in your office for lunch. There are a number of guys hanging around. We say, "Let's go for lunch." Where are you going to end up going? Where the food was good? Not true.

Carey Nieuwhof:

100%. And telling all my friends to eat there when they're in town.

Horst Schulze:

You go ... No. You go where you felt good.

Carey Nieuwhof:

Yep.

Horst Schulze:

Which includes the food. You can't take it out of the equation. But you end up going where you felt good because of the overall experience, overall experience. But with the whole service attitude ... Last week, I was staying in a five-star hotel in California, five-star, big name. I come back. I checked out. I went to my meetings in the morning. Came back in the evening. The room was not made. In fact, it was never made. It was never finished. I had slept there the night before. It was not made.

Horst Schulze:

So the next morning ... The next morning when I checked out, I told the front desk person. I went for check out. Usually, I just give my keys. I went, "By the way, nobody made my room." I said, "Just so you know." He said, "I hear that all the time." I mean, that's a five-star hotel. They're already not a commodity anymore, but they still have a name that sounds good, but they're becoming a commodity. They don't even make the room. "I hear it all the time." They didn't ... With other words, that employee didn't feel bad. Like I said, they weren't taught if you get a complaint, you own it. If he would have said, "Forgive me," I would have nearly been embarrassed that I complained. "Forgive me," I would have said, "Oh, it's okay. No problem. No problem." Instead, I got the questionnaire afterwards.

Carey Nieuwhof:

"How did we do?"

Horst Schulze:

"How did we do?" And I really hit them on that one. And then there was a trip advisor, and I said the lowest ever. Can't help it. I hate to do that. I was so annoyed. What do you mean? They do it ever ... Nobody said, "I'm sorry-"

Carey Nieuwhof:

Okay. So let's play that as a case scenario. What would've turned that around for you? So you got missed. On check-out, what would have turned that around?

Horst Schulze:

It didn't even bother me. I was glad that nobody went in my room. I just wanted to let them know. And if he would have looked at me for one second, said, "I'm so sorry. I can't believe it. That must have been annoying." I would have said right there, "No problem. In fact, I'm glad nobody was in my room. It didn't bother me at all. No problem whatsoever." And it would have been forgotten. And I would have responded on the questionnaire based on how he treated me and how the rest of the treatment was and not on this silly ... I mean, don't even. You mean it happens all the time? He says it. "No, it happens all the time."

Carey Nieuwhof:

Picked the wrong guy to say that to. Yeah.

Horst Schulze:

"What?"

Carey Nieuwhof:

Oh Horst. So I know you're involved in some future ventures. You've got your finger on the future of the hotel industry. Where do you think service and hospitality are heading, good and bad, in the future?

Horst Schulze:

Well, because of this commoditization of everything, the rest who will depend on service will have to be truly excellent at it. And I'm being asked, and I can't even believe sometimes the questions that come up. And I'm in a meeting. There's a speaker and talks about the hotel industry. And he tells, "The whole industry's changing. Everything's changing," high tech and everything. Yeah. What is changing? Does it really change that a human being, who happens to be a guest, wants to be respected? You're telling me that's going to change? You mean the very essence of our industry, caring and service, is going to change? That is so silly if I think like that. Because they're not thinking anymore about the guest. They're thinking about saving labor cost. Making it easy, that's right. That is right. We have to think about that. But they have to think about, "How can I make my ... and use my technology to make my service to the guest even more efficient, even better?"

Carey Nieuwhof:

That's a great question.

Horst Schulze:

Use the technology to support my caring for the guest. Then I have something. So, yes, there will be all kinds of things will changing. But believe me ladies and gentlemen, know the guest or your customer or

your patient or your parishioner, whatever you call them, they still want you to respect them and care for them. Doesn't go away.

Carey Nieuwhof:

I couldn't agree more. And it's something I find myself longing for. So you wrote Excellence Wins. A couple of years ago, you released it. So that means you probably wrote it three or four years ago, over a period of time.

Horst Schulze:

Yeah.

Carey Nieuwhof:

And in there, you kind of enumerate all of the Ritz Carlton principles and a whole lot more. The book is called Excellence Wins. Based on what we know now in the world that we're living in in this moment, are there any principles that really rise to the surface that you're saying, "Above all, pay attention to this"?

Horst Schulze:

Well, I didn't know at the time something I mentioned before, which blows me away. This comment, I talked about it but not strong enough because it's so different, is this individualization, this individualization that the Millennials want. That is absolutely huge. If I'm not recognizing that as a business, I'm making a serious mistake. They're very clearly saying, "Do it my way. It's not about you. It's about me." They're saying that very strong. And they're amazing. They're willing to pay more for it.

Carey Nieuwhof:

It's a little bit like the Capella philosophy, right?

Horst Schulze:

No question about it, except we went-

Carey Nieuwhof:

Ultra high end.

Horst Schulze:

Ultra high end. I knew that if we take the whole customer base of Ritz Carlton, there is the customer that uses the rooms and wants the good service and so on, and then there's the customer that buys suites and is willing to pay \$2,000, \$3,000 a night for a suite. And that's what I went for, for those kind of guests only. And I knew there were enough for smaller hotels. I knew their expectation in a smaller hotel. They want privacy but connectivity at the same time. They want do it my way all the way, and so on and so on. So we went for that. But it is the same thing except to the general market. "Take care of me the way I want it."

Horst Schulze:

And that, to understand, that didn't hit us. And I expressed that earlier, and the timeliness. The time stuff is so important. Everything, you have to do it now. "Do it now. Don't let me wait. Don't let me wait. Show up in time. Respond to my email now, not later. Check me in now," and this whole thing of I want it now. We have to readjust our processes around that. If I ignore that, I'm going to have a problem. And this whole thing of individualization by the Millennials is unbelievably strong. But again, if I do it well, and I show them that I care, they become loyal. Loyalty, by the way, is nothing else that they will trust you with what you're selling and what you're selling.

Carey Nieuwhof:

Yeah. And I guess the key, the challenge then is to do that at scale. Because at Capella, there's a fraction of the 1% who can afford that. You're talking about serving millions of people in the service industry moving forward. Any thoughts on how to do that on a budget and at scale?

Horst Schulze:

Well, to me scaling was something a little bit different. I had to scale the thinking and the feeling into different cultures, of Ritz Carlton in different cultures. Mind you, we were in five continents. So scaling that, all that meant to me, I had to be ... I have to systemize my selection and training of every employee, but at the same time bring the same thinking and conversations into the hotels. That's why we had daily what we called line up huddle with every employee where we discussed the service principle of the day, and we shared what's going on in the company and what is new in the company, and maybe a letter or unusual letter of compliments. In other words, the dialog, the narrative in the hotel, no matter what, today is the same. I put similar narrative into the hotels.

Horst Schulze:

So you can break that into the smallest denominator and so on. So how do I repeat something? I have to make sure the processes are the same relative to what I want to repeat, and the thinking is the same relative to what ... So I have to make sure the narrative of what I want to do is the same. And that is the way to scale. And we can ... would take too long to go work on the processes that we worked on to be sure. What happens again in a big sense, the guest checks into Shanghai, somebody I know. And he calls me. He said, "I cannot believe. I here walk into the Ritz in Shanghai. It looks totally different. It is totally different, but could have told in three minutes I'm in a Ritz."

Horst Schulze:

Well, that's the ultimate compliment. You want to be sure it's the same. And you can bring that all the way down to make sure you're repeating this. The sandwich looks the same, except be willing to adjust to the customer. That can't go away. He said, "That can't go away." That very individualization cannot go away. That's what I'm saying. So you still streamline everything but because of your teaching and the understanding by everybody, you create individualization, and that's how you scale it.

Carey Nieuwhof:

It resonates so much because you do drill that in at every level. My wife is dairy intolerant. She's been that way for a couple years. And it is amazing, because we're out on the road a lot normally, how often that seems like such a surprise question to people, on the menu. It's like they have to go check with the kitchen. And I'm sure it must come up like 20 times a day in the average restaurant.

Horst Schulze:

Oh come on. Today? Come on. It's a given today.

Carey Nieuwhof:

It is a given today.

Horst Schulze:

So that's the point. What's the process? Once I have an understanding ... I mean, particularly if you're a little larger, if you are, you should be ... So simple everything. We collected all comments and then understood, "What is important here? What's important to do or not to do?" So once know that, you go out ... I mean, if you don't hear that that is a general expectation ... I mean, come on. In that moment, you have to go back and teach everybody. And that is again scaling it.

Horst Schulze:

Now, what we would do then is in our daily huddle the next week, that's a subject together with the other subject. Bang, bang, bang, drive it home. And then it is repeated. And then we read a letter where somebody compliments us about it. And then we read a letter where somebody complained that it didn't happen. And then we read five letters where people compliment about it. Bang, and it's in the organization. So you process the situation, and you work on it. That's all. You're dealing with human beings, and that's how you handle it with human beings. It's not one memo from the boss, and you think it happens. You're kidding me. You think it's going to happen with one of your memos? Come on.

Carey Nieuwhof:

Yeah.

Horst Schulze:

And even if it's something that demands a little bit touch, no matter what it is, then you go to the people who do that job and say, "How do you think we should do it?"

Carey Nieuwhof:

That is an even better idea. You know no one's ever asked her that question.

Horst Schulze:

Yeah. That's the problem. That's Taylorism. Because we are the bosses, we tell you how to do it. I tell a story in room service in my book. I mean, instead of going to room service people and say, "How can we do room service better?" The boss sends a memo how to do it better and creates more complexity. It's so silly.

Carey Nieuwhof:

It is. Can you explain Taylorism for those who may not know it? It's an industrial term, right?

Horst Schulze:

Yeah, Taylorism. Taylor was the one that kind of the industrial, the industry during the industrial revolution to create mass production. What he actually said in a simple way is, "Okay. This guy just tightens four screws. The other one puts this piece here. The next one tightens," and so on. And out

comes a car, if you will, or whatever. And he said, "In fact, the guy that does this doesn't even have to know what we build. And because all they do ... " That's what he said, not me. "All they do is they do things. We think, and they do." In fact, Ford was terrible. We honor Ford, Henry Ford, how great he was. Well, he was a miserable guy. He said to his human resource people, "We don't need people with brains. We need people with full hands. Don't care about what they really think. It doesn't matter what they think, as long as they do." And that was Taylorism. And we still have one foot in that. We think. They do. I have news for you. The guy that was tightening the four screws, he knew better how to do that than the guy up in the office.

Carey Nieuwhof:

100%. Yeah. Oh Horst, I'll tell you, it's always stimulating. You make me rethink so much of what I do. It's always a delight to have a conversation with you. Any final thoughts for leaders as they try to navigate this really less certain than ever future? What would you say to them?

Horst Schulze:

Any one of you, have a purpose. Look, leadership starts with leading yourself. What is your purpose? Then commit yourself to it, and don't make no more excuses. Go for it. Excuses ... the reasons that you find why it won't work, either what your boss comes up with or you, the reasons why you find ... The reasons, it's just an excuse. It's just an excuse. And now I'll tell you a secret. The way you will come with reasons ... And you will. We all do. Is simply we look for something, "What if it doesn't work. What can I plan? What can I plan, so that I'm not planned?" It's our insecurity that finds reason. Excellence is never an accident. It's always the result of high intent and hard work. What's your high intent in what you're doing? You have to question yourself, whatever you're doing. What's the highest intent? And then go for that intent. It's a decision. Your destiny is not accident. It's the decisions that you made relative to your work. But excellence is high intent and hard work.

Carey Nieuwhof:

So inspiring, so practical. If people want ... Obviously Excellence Wins is available everywhere books are sold. Do you have a website or anything people can find your work on these days?

Horst Schulze:

HorstSchulze.com. It's very simple and so on.

Carey Nieuwhof:

Very easy.

Horst Schulze:

And so I can ... What was it? Yeah, HorstSchulze.com.

Carey Nieuwhof:

Okay, great. And we'll link to that in the show notes. Horst, again, thank you so much. I hope we will do this again.

Horst Schulze:

I hope so too. All the best to you. God bless.

Carey Nieuwhof:

God bless. Thank you, Horst.

Carey Nieuwhof:

Man, it was so good to hear more of Horst's story, and I appreciated him being willing to go there about that time in San Francisco where he really was struggling. Because sometimes you look at a life that successful and go, "Well, it just always was up and to the right." And for him to share that and then talk about the future, and to be contributing at such a meaningful level well into 65 years into a career ... Unbelievable. I felt really privileged to be able to bring you that conversation. We have show notes for you at CareyNieuwhof.com/episode449. If this episode was helpful, let other people know about it. Tag me online. I'm Carey Nieuwhof on Instagram, [cnieuwhof](#) on some other platforms. We're on TikTok as well. Would love for you to get the word out. Man, being able to do this and bring world class voices to you week after week is such a privilege. I want you to know we never take it for granted.

Carey Nieuwhof:

Here is an episode sneak peek of what's coming up next. I'm so excited to be sitting down with Jacqueline Novogratz. She's the founder of Acumen and has been voted one of the 100 greatest living business minds by Forbes. Here's what she talks about. And I first heard about her on the Tim Ferriss Show. And Tim called the episode How She's Actually Changing the World, and this woman is actually changing the world. Here you go.

Jacqueline Novogratz:

... either get stars on our foreheads, or she would give us saints cards. Like baseball cards, except they had saints with stories of the saints on the other side.

Carey Nieuwhof:

No way.

Jacqueline Novogratz:

Oh yeah. And I knew those saints. I collected those saints cards. I took them very seriously. And it was literally only a few years ago, when I was talking to the poet, Marie Howe, who also comes from an enormous Catholic family. And we were laughing about the saints cards because I kind of wanted to be a saint. And she said, "Jacqueline, don't laugh because those stories of the saints were the first stories we as little girls may have read about women who wrote the narratives of their own lives."

Carey Nieuwhof:

That's next time on the podcast. I'm so excited to bring that to you. We also have Max Lucado, Erwin McManus, Scott O'Neil from the Philadelphia 76ers, Jessica Jackley. The Art of Charm guys, AJ and Johnny, are going to be on with us, Dave Hollis. Nicky Gumbel's coming back. Who else? Francesca Gino, Ian Morgan Cron, Mark Sayers, and so many others. Very excited to be able to do this with you.

Carey Nieuwhof:

Hey, normally we do like a What I'm Thinking About segment or an Ask Me Anything About Productivity. And what we're doing today is we're switching it up. If you would like to hear a different segment at the end of this podcast, let me know. Send me an email over Carey@CareyNieuwhof.com. And if you don't

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know how to spell my name, you can google it. Google will get you there. And if you liked this episode, head on over to the main site, CareyNieuwhof.com. I do a lot of writing there. My web content, that site gets accessed over 600,000 times a month. And if you're not on my email list, I send a nearly-daily email to about 83,000 leaders. And we have just a short daily dose of leadership good. If that would be helpful to you, you can sign up over there at CareyNieuwhof.com/email, or you'll see some prompts on the website as well. It's also home to the podcast and everything I do, my courses. So I'd love to have you do that.

Carey Nieuwhof:

I find often ... I don't know whether you find this or not, but often I'll listen to a podcast but never go to the website. And if that is you, why don't you make this a different kind of day? Go to CareyNieuwhof.com. You can find everything there. Join. Well, the content over there and on this podcast gets accessed over one and a half million times a month by leaders. And it's just a privilege to be able to do this.

Carey Nieuwhof:

Hey, if you've got an idea for what you might like to hear at the end of the show, shoot me a note. I can be reached at Carey@CareyNieuwhof.com. In the meantime, can't wait for the next episode. Thank you so much for listening, and I hope our time together today has helped you thrive in life and leadership.

Announcer:

You've been listening to The Carey Nieuwhof Leadership Podcast. Join us next time for more insights on leadership, change and personal growth to help you lead like never before.