

[00:00:01.200]

Announcer: The Art of Leadership Network.

[00:00:07.800]

Carey Nieuwhof: Welcome to the Carey Nieuwhof Leadership Podcast. It's Carey here and I hope our time together today helps you thrive in life and leadership. Well, this is a fun episode. We recorded it live in Atlanta in front of a few of you. We had a live podcast recording back in April, and I'm sitting down with Ritz-Carlton and Capella Hotel Group founder, Horst Schulze. And it's so great to have Horst back on the podcast, we go into places and directions we haven't before, and today's episode is brought to you by BELAY, good leaders do it all, great leaders delegate. So if you want a book on delegation, we've got one for you just text CAREY to 55123 and get back to doing what you do best with BELAY and by Gloo. Are you ready to receive a lot more prayer requests and have more people reaching out to your church? Go to get.gloo.us/texting to sign up for your free texting account.

[00:01:00.000]

Horst and I talk about well, the origin of the phrase, "my pleasure." I don't know how I caught wind of this. I think we were talking earlier in the day. And, you know, when you go to Chick-fil-A how it's like "my pleasure, my pleasure," and I always love an origin story. So he will set the record straight because I thought they took that from Ritz-Carlton, which is partly true, but then Horst explains what actually happened between him and Chick-fil-A founder, S Truett Cathy. So I think you'll enjoy that. One thing that really amazes me as I get older, every year, as you get older, every year, is how do you stay curious, fit, and contributing, like, well, into your old age? He's 84 now. And so we talked about that, and then we talked about excellence and the power of not being average. And well, one of my favorite things is care policy that he implemented when he was the CEO of Ritz-Carlton. So, anyway, I think you'll enjoy it.

[00:02:00.000]

Horst Schulze is a founding member of the Ritz-Carlton Hotel company establishing a new standard of excellence in the hospitality industry. Under his leadership, the Ritz Carlton Hotel became the first service based company to be awarded the prestigious Malcolm Baldrige National Quality Award twice. Later in his career Mr. Schulze founded, the Capella Hotel Group. Now he energizes organizations to reconnect with their service commitment.

[00:02:23.800]

He also has written his first book, Excellence Wins, which I highly recommend and it's good to have Horst back on the podcast. So have you ever said this to yourself, if I don't do it, it's not going to get done. Well, we've all fallen victim to that mindset thinking were the only one capable or willing to get the important things done or it has to be done right, so you do it yourself.

[00:02:44.700]

Can't be further from the truth, though. There are many servant-hearted qualified people who can help with your list because no one can do it all. You have a church and a kingdom to serve. So to get things done, that only you can do, delegation is a must. So BELAY's modern staffing solutions have been helping busy leaders like you delegate the details for over a decade. With BELAY, you get intentionally paired with a US-based Virtual Assistant, Accounting Specialist, or Social Media Manager and they will level up your your church through the power of delegation. To help you get started, BELAY is offering a free resource called "The Top 25 Tasks a Pastor Can Delegate to an Assistant" that gives you actionable steps to successfully release some of those tasks and start to thrive. To claim it. Just text my name CAREY to 55123, and soon you'll be back to doing what only you can do, growing your church.

[00:03:46.000]

Now you've heard Gloop's ads for their free church texting platform, so this time I want to give you something different.

[00:03:53.000]

I'm going to tell you one incredibly easy way to use texting to connect with and build relationships with more people. It's not just about like spamming people with, hey, don't miss this weekend, okay. Here's what you do. You create a free account and sign up for free texting with Gloop, just go to get.gloop.us/texting.

[00:04:12.100]

If you're already using a different text provider, that's okay. This will work with them to so that's get.gloop.us/texting Gloop then gives you a QR code that contains your unique number.

[00:04:25.300]

Take the QR code and put it everywhere. And I mean everywhere, like, put it on signage around your church, your new visitor card, on your screen, you can even put it on telephone poles car, windshields, at hospitals, bus stops ,bulletin boards, anywhere you can think people might have a need for prayer. You could even get

fridge magnets made, send them home with church members. It's really up to you how creative you want to be. But when I say everywhere, Gloop means everywhere and that's a beauty of a QR code and then what happens is it just encourages your people to scan the code and submit their prayer requests via text. So that can be people driving by a billboard, people in your building, people in their kitchens looking at the fridge magnet.

[00:05:06.200]

The reason it works so well is because it gets your number in front of as many people as possible, doesn't require fancy marketing, lowers the friction for engagement, and calling a church or a friend for prayer personally can be scary, but a text, a QR code, that's easy. And since texting from Gloop is 100% free, there's no reason not to try. So if you want to really catalyze your prayer team and get more people reaching out to your church, go to get.gloop.us/texting, sign up for your free account. Account, it's absolutely free. And now my conversation live in front of a studio audience with Horst Schulze.

[00:05:47.000]

Carey Nieuwhof: It's good to be with you again Horst.

Horst Schulze: It's good to be with you.

Carey Nieuwhof: Yeah. So it's an honor to be with all of you who are podcast listeners and a number of Art of Leadership Academy members. Now that the world is open again, we want to do more and more live podcast recording and meetups in different cities we find ourselves in. This is the first time we've really done this just for the academy and for podcast listeners, so we're really, really honored that you would be here, so Horst, we've had a few conversations, here's an interesting place to start. So you've got a Chick-fil-A cup today, and you and I were talking about your relationship with Truett Cathy. So Chick-fil-A has been famous for how they say thank you. They don't say you're welcome, they say my pleasure. What's the origin of that?

Horst Schulze: Well that's kind of a funny thing.

[00:06:41.700]

I generally, people who know me and know the background of Ritz-Carlton all think that and many of you know that I consulted with Chick-fil-A as far back as 30 or some years ago.

[00:06:58.900]

And we had a meeting. And we had talked with them about the importance, in any business of relationship. The product has to be right. Let's say we're sitting in the office and said, let's go out for lunch. Where do we go, where the food was good? No, that's not where we go, we go where we felt good. That includes the food, obviously. So we were talking about that in that meeting with all the vice president's. And Truett Cathy, the founder was sitting in the back and the relationship is done by how you look at the people, how you talk, your words are very important. For example, in Ritz-Carlton I told them, we don't say "Hi" because if I said "Hi" it says we are equal.

[00:07:49.200]

But if I said, "good morning, ma'am," or "Good Morning, sir, welcome," I'm saying I respect you. But at the same time, I give a message that I am professional. You can trust me. I'm giving those messages. We went through that and I said, you have to look at people within 10 feet, look them in the eye if you can, say, welcome, good morning, and so no "hi" if you can. Not that important in some places but in Ritz-Carlton, that is very important. And don't we don't say "folks" or "guys" we say, "sir, ma'am, ladies, gentlemen," and so on, that's Ritz-Carlton and instead of saying, okay, when you order something, we don't do that.

[00:08:34.900]

We say "my pleasure," but frankly for you, and what I told him them, frankly for you and Chick-Fi-A, that's too fancy. Your market, don't say my pleasure because you come across silly, and everybody agreed.

[00:08:54.200]

So we said, what word should we use? There was a discussion, all of a sudden the owner, Truett Cathy, in a back raised his hand and said, "I like my pleasure." So I said Mr. Cathy, so do I, obviously because we're using at Ritz-Carlton, that's a must but it's too fancy for you." And he said, "I like it." That was the end of it, so that's good. Now I get credit always, "you did it." I convinced him not to do it.

Carey Nieuwhof: Now you know the backstory. So Horst, we've had a number of conversations on this podcast.

[00:09:34.100]

You've been on a few times and we talked about the origin of Ritz-Carlton, we talked about some of the endeavors you're up to now, and I want to explore in this interview, some of the backstory. So I don't know whether you share your age publicly or not.

[00:09:47.400]

Horst Schulze: Sure, I have no problem. I'm 84.

[00:09:52.100]

Carey Nieuwhof: You're 84. And you've got to work to keep up with Horst Schulze.

[00:09:56.100]

I'll tell you, I mean, we've walked together before. Even going downstairs to breakfast this morning.

[00:10:01.000]

You know, you keep a great pace, you're in excellent shape and you're intellectually engaged.

[00:10:07.700]

We were talking about your schedule and you sit on a number of boards. I would love to break that down. What are you doing at this stage of life, 84, to stay fit, sharp, and intellectually curious?

[00:10:15.900]

Horst Schulze: It's really very simple. It's very simple.

[00:10:24.900]

You marry a wife who watches very careful, what you eat and what you do just so you stay in shape. Eat your vegetables.

[00:10:33.800]

Okay, honey. You shouldn't eat, you've had enough sugar for today, take the sugar away. Go for a walk.

[00:10:41.500]

So I do everything she says, and I'm fine.

Carey Nieuwhof: I married well, she's here today. Toni, I qualify this looks good for me.

Horst Schulze: No, I do have a pretty good routine, you have to exercise, you know, I listen on TV, somebody was interviewed for the good eating and so on.

[00:11:07.400]

And he said let's not talk about obesity, he said, all we talked about it is genetic and he said, forget it, it has to do with food and exercise, okay? What do you eat and what you exercise and I believe it very much and I do exercise. I used to be a runner, I ran marathons and so on. It's on a little bit, that's too much. And there is not a morning and I didn't run at least between six and ten miles, but not anymore. Now, I walk, but I walk steep hills. So I make sure that I have, at least an hour a day of exercise, some form, and of course, and mentally, keep on reading, keep on active. If you sit at home, some people are retired, they sit at home on the couch. What do you think that will do to your mind?

[00:11:59.600]

I mean, come on, let's be honest, your mind, like a muscle, has to be active, and then you're fine. I have no issues. And of course, I take supplements and stuff and talk to doctors about what should I do? How should I keep fit, and talk to him. One of my doctors in Los Angeles.

[00:12:20.300]

One of those guys that doesn't accept insurance, you know?

[00:12:29.400]

I was on Skype with him yesterday and five minutes later I had a bill, and I nearly fainted, but at the same time, make sure that you have the right supplements and the right staff. And you have to do that, and I made a deal with him. He has to assure that I stay in the shape that I am right now for another 10 years.

[00:12:55.100]

I will. I mean, it is a decision, it's partly a decision. Forgive me, I get carried away easily. Everything you do, what is your high intent? People just do things. I mean, I don't understand. We are human beings. Animals do. We should do things with a high intent. If your high intent is a 5, you never make an 8. So my high intent is I will stay at least in this shape until I'm 94. I have an obligation on that to my wife who happens to be 14 years younger. I promised her that I will stay in shape.

[00:13:42.600]

When we got married, we made a deal at the time. I said should we really do that because women live longer, man die earlier, and we made a deal. And she said, yeah,

we do it. Even if our only have five years, that's what she did at the time, but I made a deal, yes, I will stay in shape. I have a deal. So it is the wife, in many ways.

[00:14:02.200]

Carey Nieuwhof: It is. This is a question that I didn't send you in advance, but it's got me curious. so, if you look at how America, and we're dealing with a lot of Pastors in this audience, but also in my broader audience, and we also have a lot of entrepreneurs. Entrepreneurs, and you know, you're an entrepreneur.

[00:14:23.200]

You hit a financial place, probably decades ago, where you no longer had to go to work because of money. But if you look at the average American, it's sort of work, work, work. Hopefully save enough that maybe you don't have to work part-time into your 70s and then you kind of hit a finish line. But one of the things that really challenges me with that is, I think there can be a demise and intellectual curiosity. You stop contributing. I'd love to know, I'm going to assume you hit that financial line early in life where you could have just bought a couple of yachts and sailed around the world?

Horst Schulze: No, that's an exception.

Carey Nieuwhof: Not exactly. Okay. You didn't have to work.

Horst Schulze: I didn't have to work, no.

Carey Nieuwhof: So what keeps you working?

[00:15:09.400]

Horst Schulze: Well, I don't think it's God's plan that is sit at home watch TV. I think we should keep on learning and contributing. I absolutely believe that there is no word in the Bible about retirement. I don't understand the word at all. What do you mean retirement? I talked to a neighbor who retired much earlier than I did, much younger. When I retired from Ritz-Carlton, mind you I retired from Ritz-Carlton, my wife convinced me to retire after 20 years, I started Ritz-Carlton. Mind you, I was traveling 250 days a year.

[00:15:51.100]

I worked. I opened every Ritz-Carlton, I didn't go there as the CEO drinking the champagne and say hello and putting a tuxedo on. I went there to open the hotel and train the employees. Every Ritz-Carlton the first 50. So I was gone 250 days, a year.

So, my wife convinced me to retire, and I retired on a Friday and talked to my neighbor at the time. My wife picked me up in the office to the kids. We cried a little bit and I left wonderful people behind but it was the right thing to do, and then I talked to a neighbor and he had retired. I said why did you retire? He said, so I can do what I like to do.

[00:16:32.700]

I said, what is this?

[00:16:33.500]

I thought there must be something exciting. He said, well I like golf.

[00:16:39.500]

You mean you retired to play golf every day? You must be kidding. Me and I sit there and I said wow, well what do I like?

[00:16:50.700]

I like to play hotel. So I said to my wife, on Monday, I said to my wife, I'm going to start again, she declared me insane immediately. And said, you mean, you retired for a weekend? I said, you're right, this is wrong. But a few days later she came to me and said, hey, that's who you are. I support you. And I started a new hotel company which was Cappella. Which by the way, now is rated best hotel company in the world.

[00:17:23.900]

I sold the company three years ago, but all the way, why did I want to do that? The creation, creating, being connected to people.

[00:17:35.000]

I think we have an obligation when you go into leadership roles, and in a way you all are leaders.

[00:17:43.000]

But when you come into the leadership role, what is your high intent there? Of course, running the company, of course, creating results for the investors. Of course, doing your thing, but the real gift is that you have an unbelievable opportunity to positively impact the life of many people. And to just give that up and sit somewhere

without contributing to people around you, it's a terrible human thing to do. And it's a waste

Carey Nieuwhof: Yeah, I become obsessed with that question. You know, turning 58 this year. I'm like, yeah, what does the rest of life look like?

Horst Schulze: That's the beginning. That's the beginning. When I started Cappella, I was 65 years old. I started a new company.

[00:18:30.800]

And again today, it's the number one hotel company in the world. Highest-rated in quality.

[00:18:37.200]

Carey Nieuwhof: What did you change between Ritz Carlton and Capela?

Horst Schulze: Well, okay, the world changed. I listened. It's not about you. It's about your customers, always. You have to listen to the customers. Unfortunately, business usually is about them and they try to force the customer to live according to whatever.

[00:18:56.600]

No, it's about my customer. And I listened, in the late 90s, it was very clear that the companies we work with, we work with JD Power, and other analysts who analyze the market, and came to me and say, you know, the luxury market is changing and a couple of things happened. Clearly there will be an affordable luxury and ultra-luxury.

[00:19:24.500]

So, I looked, so let's maybe study what is ultra-luxury. We made that study and it's very much the Millennial will start by pushing that very much.

Carey Nieuwhof: So younger people are pushing affordable, or ultra-luxury.

Horst Schulze: Ultra luxury.

Carey Nieuwhof: Really, ok.

[00:19:41.900]

Horst Schulze: And here's how. The Millennials are saying, there's some of you here, we just went to work and did things, they're saying, what's in it for me?

[00:19:53.500]

They're also saying, when they're buying something, do it my way. And at the Ritz-Carlton, I couldn't do it for everyone individually, because our hotels were too large for that.

[00:20:09.700]

So to do it your way, totally individualized. I couldn't have more than 100 rooms. So in those hundred rooms, if I have 100 rooms with an average stay of 3, I have 30 average arrival and departure a day I can do everything.

[00:20:28.300]

At the Ritz-Carlton, we had an average arrival and departure of 300 a day. So I can't do everything for you, but for those 30, I can call them in advance and say, "You're coming to Singapore. What can I do for you before you come here? Do you have diet?" Check-in time, we don't have check-in time. You come in whenever you want to. Check out time, as long as you're out before night, we are fine. Everything is about you, the individual.

[00:20:58.800]

Of course, we have to charge for that.

[00:21:01.600]

We have to charge much more than Ritz-Carlton does. Three times as much.

[00:21:06.500]

So we are limited where we can be. I'm speaking as if I still own the company, I don't own the company. We're limited where we can be. So it's all about the customer. That's the concentration. And since the customer said, do it my way, and luxury has a different meaning in their mind, to them, in their mind, luxury is again, if you do it my way, and the surrounding is of high quality. When we started Ritz-Carlton, luxury was chandeliers, marble, oriental rugs. That was perceived as luxury, and decent service, and good food.

[00:21:49.600]

Today it's the much more a reflection of responding to you, the individual. That means luxury to them.

Carey Nieuwhof: Hmm. You were involved, I believe we were talking a couple of years ago, in some concept hotels in Nashville. Did that go?

[00:22:08.000]

Horst Schulze: Never went anywhere. The owners couldn't find the financing.

[00:22:16.800]

Great people. Great thought. Great concept. It would have blown everybody away.

Can you share some of those ideas?

Horst Schulze: Yeah, again it was, we sat down and said how do we speak to this new customer, to the millennials?

[00:22:42.000]

You Millennials, you're a little bit weird, but it's very important to you to do stuff for this person, this person. I just donate things and what they do I don't care as long as it's for right cause. So we were thinking about service, we said okay in each room we will not have numbers for the room. For recognition, we would have that anyway. But each room has a little picture of an orphan. And when you use that room, you just donated \$5 for that specific orphan.

[00:23:21.900]

Bang, that was a millennial thing. Can you imagine once they stay in a hotel like that? They said they would feel embarrassed to go anywhere else, because we are not only serving you. And then we said we find probably some handcraft people in Africa or whatever and use some of that handcraft in the hotels and so on. So concentrating on serving not just a guest but serving society in a big way. That was the thought.

Carey Nieuwhof: What process do you use? Because you sit on a number of boards as well. For discerning a good idea from a bad idea. So you had an idea in the 80s to start Ritz-Carlton and then you start it over again, 20 years later with Capella and now you were thinking about working, or you were working, with some Nashville investors with a socially conscious, socially responsible hotel. How do you discern? Because we are all brokers of ideas.

[00:24:21.300]

Horst Schulze: The first thing you have to come to the point to the understanding, it's not about you, it's about your market. It's not about you, it's about a market. If I

run a good organization or or good company, whatever it is, I have to know, what does the market, or the potential market expect, think, about my product?

[00:24:46.600]

Once I know what they expect from my product, I have to create processes to deliver that. I have to align. The word alignment is used a lot in business now, and people don't know what it means, but they're using it. I have to align my employee, now my employees, behind that expectation relative to my product.

[00:25:08.300]

And at the same time though, as a leader, and understand what leadership comes right now in here, I have to make sure my employees want to do, not have to do, but want to do what the market wants. Bang. Now, I'm aligned. Now I'm aligned and deliver what the market wants and how they want it to be delivered and how they want to be treated.

[00:25:28.900]

And we have to understand, you define yourself as an organization or as a business, not buy the product. That's totally misunderstood. Why it's so difficult to figure out when every survey shows you that, it's beyond me.

[00:25:51.200]

The relationship that you have defines you. Let me give you a silly example. You mentioned this before. That's why I picked it up. I don't know why I mentioned. You go into a hardware store and you buy a hammer. And it's a good hammer. You go home and it's a good product, and your neighbor comes over to have a cup of coffee with you. Would you tell him, hey, you should go to this hardware store. They sell great hammers. No. But what if they said, when you came in, they looked at you and said, I'm glad you come to our store. I'm if I can help you, I would be delighted to help you.

[00:26:34.300]

And sure enough, you have a question about the grip and they have, wow, great professional answer. When you paid, he says, thank you for coming to our store. We were honored to serve, you have a wonderful day. And your neighbor comes up for coffee. You may say, you won't believe it. I put a hammer and they treated me as if I bought a house or car. They treated me as if I was in the Ritz-Carlton. You make a relationship.

[00:26:59.600]

Your whole makeup is excellence.

[00:27:04.600]

You know, I wrote a book about Excellence. Excellence is not an accident.

[00:27:12.000]

It's the result of high intent. I want to be respected. I want this. And hard work. Excellence in a thing, like the hammer, is simply if it works well for what it has been created, that's excellence. Excellence in the human being though, is if you do your very best functionally, and you do your very best relationally.

[00:27:33.800]

That's relation, what they do in the store. And you, of course, if you do your very best morally and ethically, and if you do your very best spiritually, if you do your very best in those areas and try to continuously improve it, you will become a person of excellence. And I have to bring that into that store. You define yourself not by the product, but how you treat human beings. That's how you define yourself.

Carey Nieuwhof: I want to pick up on something you shared in a previous conversation that I think about all the time, because I stay in a lot of hotels and I'm someone like when I led a church for over 20 years, I was very particular about environment, sometimes to a fault. I know you are, which was one of the things I love about you. When you ran a Ritz-Carlton, if there was a stain in a chair and you couldn't get the stain out or there was a small tear, I think you said your policy was to replace it. And every time I see a defect in a carpet, a chair that's maybe a little worn out or saggy, and these are at nice hotels too, I think of that.

Horst Schulze: It comes right back to what I said earlier, what does my market want from me, particularly at the Ritz-Carlton market, more so, even dramatically more, at the Capella market, one of the key elements of what they expect is immaculate, totally clean.

[00:29:10.300]

So, I just said to our people, I want to absolutely know, unquestionably, that my rooms are the cleanest in the world.

[00:29:19.300]

Cleanest in the world. I don't want to hope. I want to know that they're the cleanest because I know my market. It's very important to my market. So we and, and in fact, I'll give you an idea, that we developed a test case in our hotel, which we use a lot, because it was the most difficult customers we had. In Palm Beach, we had 46 complaints. We looked over the last two years. When I said, I can't stand it anymore. I still get complaints about the room.

[00:29:53.000]

I want zero complaints in a room. Zero. And they said it can be done, lights burn out.

[00:29:59.000]

I said, I don't want my lights to burn out, figure it out. And so we created a team to look at and they came back with the answer.

[00:30:08.100]

After we applied a new process, we had one complaint after 10,000 on the bedrooms. So what we did, we go, every three months, we go into the room. And care for it. Clean and repair everything. Four people go in, paint that. If the carpet has a spot and we can't clean it, out. New carpet in. It doesn't matter. The room has to be new every time you walk in, and they were, they were on my time. I guarantee you they were the cleanest room. Cappella, guarantee, it was the cleanest room in the world. We didn't just clean the toilet, we disinfected the toilet, etc.

[00:30:48.800]

It was a key element because it was driven by the market. There you are.

[00:30:54.400]

Carey Nieuwhof: Well and what's interesting? So CARE, I didn't get the acronym before. Clean and repair everything. As a Dutch guy, I'll tell you, my parents were Dutch. I love that, that's fantastic. And I love stuff clean, but the argument you made is, it's actually not more expensive, it saves money. So explain how that policy saves money.

[00:31:14.900]

Horst Schulze: Well, so we added four people into the equation. Okay, now two would have been there anyway to respond to calls. My curtain doesn't open, bang. Light bulb burned out, the TV change, and butter is gone, and so on. So we respond

to calls, but when you get that call, you are already have a dissatisfaction happening, okay?

[00:31:47.300]

But because we kept the room so much in order every little scratch on furniture was fixed when they left, it was new. A hotel room with with a normal occupancy of low, 70% over five years, has to be done new. It's worn, it's finished. You need new. Not the way we did it. Ours lasted eight years. So we saved millions by having the cleanest rooms. However, when we sold the company, they said, what are those four people doing here? What a waste of time, they were fired.

[00:32:31.300]

They didn't get the thought that they wasted millions by doing that.

[00:32:37.800]

Carey Nieuwhof: Well, and you said the other thing too, which is you know, what happens is if you do it every five years, you basically have to shut floors or wings down, and then it's tens or hundreds of millions of dollars of carpet and furniture all at once, which is why churches get into this problem, businesses get into this problem. You see this in software systems, where it's still running on Das, you know, but it's like, well, that's going to be like 10 million dollars to replace all the software, so you're using this. But if it's continual upgrades.

[00:33:05.600]

Horst Schulze: I think it's amazing. But that is another thing we did, you know, I mentioned when we were consulting with Chick-fil-A. We make sure that we that stores were on our routine maintenance, so they always looked good.

[00:33:21.200]

Carey Nieuwhof: Okay, I want to shift gears a little bit and talk about technology. So one of the things that's changed rapidly, and it's changing even faster in the last year with AI, is we are now getting machines to replace human beings.

[00:33:35.000]

So, think about, and I imagine this going to be a pet peeve of yours, but the on hold system, your call is very important to us. And then you're on, hold for 20 minutes. We have higher than normal call volumes etcetera.

[00:33:46.900]

If you're running a company today, how do you do customer service? What role does technology play and what role does it not play?

Horst Schulze: Yeah, well it's unbelievable. I don't know how businesses think. Again, the reason it comes to this point is simply they did not concentrate on the customer themselves. Look, everything that business does, I mean and you do this as organizations too.

[00:34:19.900]

If you hire somebody, you hired them to fulfill a function. Rather than asking them to come and be part of you, with everything.

[00:34:26.700]

So what is happening with technology?

[00:34:28.700]

I made a speech a couple of months ago for the Classic Hotels of America, all the top hotels of America were in the room. There was the speaker in front of me, was a lady who runs a great resort, she runs a great resort, but she spoke for 45 minutes and, I'm not exaggerating, at least 30 times she mentioned, "Forget everything you knew about the hotel business." It's all technology, and this technology, and she talked about all the technologies. If I would have had a hook, I would have pulled her off the stage.

[00:35:01.500]

It really annoyed me, and when I came in, I was the next speaker and said, nothing has changed.

[00:35:10.300]

Okay, because 5,000 years ago, people wanted to be respected. Last week they wanted to be respected. And today, and tomorrow, and in 5,000 years from now, and that is our business to show them, you are important. We respect you. We are here for you. And if my technology doesn't support that, I shouldn't have it. For example, pretty soon, you will check in into a hotel on this thing. Already you make a reservation here, and then you come to the hotel. You check in, you call the elevator, you go to your room, and then you check out and it's done. You don't see anybody anymore.

[00:35:53.100]

And then they say it's to help you. That's a lot of garbage. They're doing that so they don't need front desk people anymore, to save money. All right, that's the point. And so, what am I doing? I'm in hospitality. So what am I going to do about that? You are in hospitality too, by the way. So what you going to do about that? I would do the same thing but I would have someone, have some young people, I'm saying that as a word. So don't anybody get prejudiced and whatever here. And we'd have some people on the door waiting and when you come in, still say, "welcome" to you and take you to the elevator, and have communication with you, relationship, and say, I hope you will have a chance while you're here to try our restaurant, because guests love to have communication." And by the way, I am Horst and call me when you have any problem." So I'm still giving you a human hospitality and still tell you, you are important to us. I respect you.

[00:36:56.400]

And I'm going to convince you from the front door to the elevator, I will convince you that when you come back to this town, that you use our hotel. You cannot do that with technology, but I can do that as a human being. So I will still keep up and let me say one word about hospitality to you guys here.

[00:37:19.500]

Saint Benedict, maybe I mentioned that you in conversation. Saint Benedict, the founder of the Benedictine order and the Benedict monasteries in Europe. In the year 500 wrote a letter to all his abbeys, the heads of all his monasteries, and he said, that's the first teaching you can find in hospitality. And he said in his letter, if a guest arrives, treat him, men arrived in monasteries, women didn't arrive there, so don't get mad with me here. "Treat him as if it was Jesus himself." Wow. And he said, "Bow down and if the guest is alone, is by himself and has dinner, even if you are on a fast, break the fast to join them. But before dinner wash their feet." That's Hospitality. Now I have the question myself, how close can I come to that? And treat each one as it was Jesus himself. That's hospitality.

[00:38:33.800]

I cannot replace that with technology. Now, but I can have technology to help me to do it, to know who you are when you check-in, and to have all kind of things. And so that you, when you leave, feel even more important, you when you leave, do not ever think of staying in another hotel but mine. Men, when you leave, I have convinced you to talk people positive about me. When I when I start with Capella, we didn't spend \$1 for advertising, not one dollar. Now we went to travel agency, knocked on the door and say, hey here we are, please try us. But I want to make sure

that if that travel agent sends somebody to me, we made sure that that person goes on the telephone and says, thank you for putting me here. And consequently, the said travel agent selling us and consequently around the highest rates where we are and the highest occupancy.

[00:39:29.000]

Carey Nieuwhof: Wow, so I want to think about lifetime value of a customer versus acquiring a customer in business. So a lot of people, and this has church application too, because it's like, I was always into evangelism. Let's reach new people, that's very close to my heart. I was doing it over again. I would pay a little more attention to, not retaining people, but helping people after they first come. So talk about lifetime value of a customer, cost of acquiring a customer, and where to put your emphasis.

Horst Schulze: Well my emphasis is to keep the customers that I have. At Ritz-Carlton, the average customer's age was 44 years old, that was the average age of the customer.

[00:40:19.900]

So, I knew they could travel between 25 and 30 more years, business and vacation. So I knew how much, how average, how often they travel, and how much they're paid average, and everything. So, all I had to multiply it by 25 and I came to the conclusion that the customer of ours is worth up to \$200,000 dollars each. Lifetime, without their referral of others, without them bringing a meeting, or a wedding, or anything, just them as individuals, travelers for business and vacation, were worth \$200,000 dollars, why wouldn't I move Heaven and Earth? Just an expression, okay, to keep them? Why wouldn't I say, all right, they're worth.... I better keep them. But worse, today and this is true for you in churches, if they're not happy, you cannot afford it anymore.

[00:41:17.700]

Even during my time, at Ritz-Carlton, I couldn't afford it, because they came from travel agencies, and if they're not happy the travel agency takes you from the shelf and doesn't send anybody. But today, the dissatisfied customer, or patient, or guest, or parishioner, or whatever you call them, when they're dissatisfied, they become terrorists against you. They end up on the internet they go on social networking and become a terrorist. I cannot afford that. So consequently, every one of my employees has to understand, we are here to convince every guest to want to come back. You're not checking people in, you are taking action, convincing this guest to want to come

back and want to recommend us. That has to be mindset, a culture of the organization.

[00:42:16.500]

Carey Nieuwhof: Yeah, that is that is such a good learning for me. Like, I always think that your service department is your sales department, because, and one of the things you've done really well in all of your organization's, is you seem to be able, this obviously is something that exudes from who you are, but it goes right down to the kitchen staff and the restaurant, to the maintenance crew, everybody seems to own the Ritz-Carlton values. And we've talked about reciting, is it the 26 values every single day, there's a team meeting, etc. But how do you instill the virtue that customer service is everybody's job?

Horst Schulze: Well we have various processes, on the end you have to understand, once you once you decide on something, you then have to step back, what is my process actually to accomplish that? Hope is not a strategy. You have to say, Okay, I want to accomplish X, how do I accomplish that? Like, with employees, I wanted employees to work in our organization to feel part of the organization. The key element, by the way, key element in the organization, do the people who work with you and for you whatever, do they feel part of what is happening? The largest survey ever made was three million workers, blue color workers in US and Europe, several universities involved, and the question was, what is important to you in your job? Now the total expectation was the number one was money. By the way, it was number six. Was nearly irrelevant in comparison to the first two answers. The first answer was, I want to have a sense of belonging.

[00:44:06.400]

Wow. It blows everybody away. Yet, if you go back, even Aristotle said you cannot be fulfilled in life if you don't have purpose and belonging. But go into any company, do the employees really have purpose and belonging? They don't. And so we said, what is our process to accomplish, in every single human being, purpose and belonging? So it starts with the selection. We offer them, not job. In fact, we said, don't come to work for us. Show them our dream. "Here's our dream. We want to be seen as the finest service organization in the world. Join us to do that."

[00:44:52.200]

By the way, Millennials now have to tell you right away, how you will benefit from that. Here's what's in it for you, because you will now be defined as the finest in the world.

[00:45:04.000]

If we are defined, you will be defined by what we accomplished. Not only that, it will give you more opportunity, because we will grow.

[00:45:11.800]

Not only that, we will have bet against you, you will make more money. that.

[00:45:14.900]

And so now I'm telling you, here is our vision. We want to be the finest in the world. Join me to accomplish that vision. And here's what's in it for you. Not just a job, but here's what's in it for you. Suddenly, you start a sense of belonging. That's the selection in the orientation the first day of work, that's the key element. Absolutely key, because what you want to accomplish in an employee, is not only the function, but the behavior in that function.

[00:45:43.900]

How do I look, do I look a guest in the eye and say, good morning, sir? That's behavioral. And behavior cannot be taught. After somebody is 16, behavior is set. Now those are not my ideas, I worked the behavior analysts at the University of Colorado and the University of Frankfurt on those things. So, behavior can only be taught if there is a significant emotional event in a person's life, and the first day of work is a significant emotional event. So rather than what companies do, what do companies do the first day of work? The new employees come in and say, here are the rules and regulations of the company, here are the insurance papers, here do them.

[00:46:32.500]

And, I'm gonna say one little colorful word here. If you don't want to hear it, put your finger in your ear in a moment. Okay. And then, no kidding, and then the manager makes his pathetic team speech. "We are a team. Here, we are team. We work together." What's in team? A team is a group of people who have a common objective. But you come and say, we work together. For what? To be the best in the world. We say that again. But that's not what he does. He just makes a team speech and then he says, hypothetically, this could be any job in any work. "Bill, work with Fred. He's here ninemonths and he knows the ropes."

[00:47:17.200]

Somehow you got into the rope business, here. I don't know how, so we turn over Bill to Fred. And here comes the word, and the way to the kitchen, Fred tells Bill, this company sucks. That's his orientation. And then they expect something from them. Come on, man. I mean, it's ridiculous. That's why orientation in every new hotel and every takeover hotel, I did. It doesn't matter if that much Shanghai, or Osaka, or Berlin, or Philadelphia, I did the orientation. And I said, here's who we are. Be sure you join us in. And here's what we want to accomplish to be the best in the world. We tell them again, to be known as the best in the world. Why do we want that?

[00:48:14.800]

Because it's good for the investor. It's good for the customer. It's good for society. And it's good for you. How isn't good for you?

[00:48:24.900]

You define yourself as being the best.

[00:48:28.800]

Even today, if the Ritz-Carlton employee looks for a job and a hundred other people apply for it, Ritz-Carlton employee gets it. Why? They're defined as being excellent.

[00:48:39.100]

And we explain them that, right there.

[00:48:42.700]

That's the orientation. They didn't see anything. And then we teach him the 20 somethings that are non-negotiable, they must happen. And then, we repeat those one a day, every 25 days, you heard the same message again. Number 12, if a guest asks for direction, don't point, take him there. On the way there, here is the conversation you're going to have.

[00:49:10.200]

You know, relationship. Back to relationship. So everything was processed and then we measured if it happens. Every morning I knew in my office here, all hotels around the world, was the guest saying we want to recommend you. We want to come back. It had to be at least 92% top box. Meaning it was kind of 10/10. And I made it very clear at the same time, I'm owning those standards. I'm the standard owner. I'm the vision owner. And I'm the only one who can save a guest, if it's not good.

[00:49:53.900]

But I looked at every measure, I know employees satisfaction, I know everything. The customer satisfaction. If it went under 92%, I was on the telephone right away called the regional vice president general and manager together. Hey guys, you've seen it, I'm sure you've seen it. I'm sure you're working on it, thank you very much. I called in four weeks, and it has to improve. If it didn't improve for two months in a row, I moved into the hotel and improved it myself.

Carey Nieuwhof: Wow. Like literally took up residence in the hotel.

Horst Schulze: In the hotel. I have no right to compromise because our objective of being good for all concerned was important for the owner, for the guests, for the society, and for the employees.

[00:50:42.300]

I cannot fulfill that, I have no moral right to compromise that. If it stayed under 92%, I moved in and said and to the general manager, you have to sit in the corner in the office and see what I do to correct it. And so next time you can do it yourself.

Carey Nieuwhof: All right, we're going to go to audience questions in about 5 minutes, 10 minutes or so. But I'd love to get your consulting brain on a problem that almost every church is facing. So people are back at church right now. And a number of churches are growing and we're finally seeing momentum after covid. But the one sector that really hasn't recovered is volunteers, and it seems like everybody thought through their life and said, yeah I'll come back to church, but I'm not in at the level of commitment I was before. And it seems to be, the larger the church, the bigger the problem. So I'd love for you to think through what are some of the principles that our audience could use, the leaders listening could use, to help motivate, mobilize, and really instill that sense of mission, belonging, whatever you want to call it, in volunteers. And think about it in the context of, I don't know if we'll get back the ones who have tapped out, but even inspiring a new group, because most of us would say, you look at your church, it's a different church than three years ago.

[00:52:09.400]

So you got to motivate new people as well to step up and serve any thoughts on what would be helpful.

[00:52:15.400]

Horst Schulze: Well, I have never thought about it and of course, you're closer to the feelings, but if I would relate this to a hotel or any other business.

[00:52:25.500]

Guys, I am for the last many years consulting with all kinds of companies, I don't accept hotel consulting, I could get them every day. So I work with hospitals, with health groups, with the financial companies, with banks, I mean all kinds of people and it's really all the same, it's just all the same. The employees want to be part of something and want to have purpose. It goes back right to the Aristotle study that said, you want to have belonging and purpose. So how am I going to belonging purpose? I can imagine if I were a young man, I wouldn't just want to work, to usher in a parking lot on so on.

[00:53:20.900]

But if I would know that that, in a very big sense, is part of the ministry. Meaning, I am actually helping people to find, to be connected to Jesus, by doing my job.

[00:53:41.100]

If I know I have a higher purpose than pointing to parking spots, I would have to find a higher purpose, and you cannot expect them to find it. You have to find it for them, and show it to them. It has to be a higher intent here. How do you assure that those volunteers feel part of of the church and not just part of fulfilling a function?

[00:54:10.500]

Again, that is the big problem in all businesses. To hire people to fulfill a function rather than the be part of the thinking. If I'm gonna drive into your parking lot, and there is somebody pointing to park over there. If I would go out of the car and discuss with that person, your church, would that Parker know what the what the dream of the church is for what it wants to be 10 years from now? Would he have inner knowledge. Would he feel totally part, just like any one of the few leading pastors, what is going on, what the dream is and what you want to accomplish in 10 years? 15 years? Or is he just fulfilling a function. You see guys, you cannot hire people for function. The chair in which you're sitting is fulfilling a function. You're dealing with human beings.

[00:55:06.300]

Whom you have to help now to have a higher thinking relative to their function. To me, it's a very sad thing and it is, of course is a thing of our society. I mean, I make speeches to my wife about and she said, I have heard it a thousand times, so what

you going to do about it? And, nothing. We have no purpose. Our purpose is just to complain and say things, what is wrong. But higher purpose, and higher thinking is not there. It's no surprise. Look at Adam and Eve. The first thing that happens.

[00:55:49.400]

Hey God. Me? Because of an apple, me?

[00:55:53.800]

You, it's the woman that you gave me. Nobody accepts responsibility, nothing.

[00:55:59.900]

And, leadership has to very much, at least, accept the responsibility for the culture, for the belief system in the organization. And say, okay, I have to be sure that we are all aligned and what we think. I don't mean the Christian belief. Now what you believe, who we are, what we want to accomplish with the people? What we believe that this church will be in five years from now. The vision.

[00:56:24.300]

You know, everybody talks about leadership.

[00:56:26.900]

We pathetically talk about it. And you talk to those leaders and say, where do you want your business to be from 10 years from now?

[00:56:36.500]

No idea. But, they lead without knowing where they are going?

[00:56:42.100]

He's just amazing. What is your vision? Sit down and agonize, who do we want to be as an organization, as a church, as a youth program, as anything, what is my high-intent? Where do I want to be? And, once you decide on something, you have to question yourself clearly, would God approve? Now when I started Ritz-Carlton or Capella, we said this, I want to have the best hotel, known as the best with Ritz-Carlton, it was, I want to be known as the best brand in the world. And then I have to question myself. Wait a second, is this good for the investors? And not just say yes, but agonize about it. Is it good for the customer? Is it good for every employee? Is it good for society? Is it good, would God approve?

[00:57:39.400]

And if the answer is clearly, yes. Not just you saying yes, we wrote down on a flip chart, here's why, dot, dot, dot. And here's why it's not good. Then you as the leader own that. You own it. Period. You cannot compromise it anymore, because if you compromise, you go against every employee, every customer, goal, against society, you cannot, you cannot. You have no moral right. And then you say, how am I going to accomplish it? By having employees who are aligned, and so on. How I'm going to accomplish that. What is my process, and so you build an organization of excellence. Period.

Carey Nieuwhof: All right. Well, Carly Voinski is going to take some questions, we'll get the first one lined up. I've got one more for you which is, we don't all have Horst Schulze in our church. But I think, I mean there's only one.

[00:58:35.500]

But most of us have at least one, or two, or a handful of super high capacity leaders, volunteers, who have been very accomplished in the business world in their own companies or beyond. And one of the things I've really been struggling with is, what do people like you, and we'll do it very specifically.

[00:58:55.800]

How do you like to serve in the church? I have a feeling that we have so much untapped potential sitting in the chairs on a Sunday morning.

[00:59:05.300]

What do you wish a pastor would tap you on the shoulder and say Horst, could you help us with this?

[00:59:12.200]

Horst Schulze: Yeah, I mean that's difficult to answer, because people know what church I got to.

Carey Nieuwhof: Abstract it. You have a great Pastor Andy Stanley, I think?

Horst Schulze: No, Michael Youssef. I go to Church of the Apostles. Well, like volunteers, I have for instance, Passion Church. Louie. I spoke several times already to all their volunteers. So I can offer a lot. If you have an outsider telling them the value that they are, if Louie speaks to them, it's Louie actually wanting something,

let's be honest. You know, if you if I talk to my employee, I want something. If you bring an outsider in that has credibility, that outsider helps you to look at their shop.

[01:00:23.500]

So I spoke a few times have talked to other churches in the same role. And so on, I would think that in my own church, I would speak to the leadership group separately, sit down with them and say and analyze is our is our thinking, right? We like to analyze it together. Where we are going to go? Why are we going to go? How we going to do it and let an outsider challenge you. I'm not telling you, but I could help you to find the answers, and challenge you on the answer, and say, wait a second. At churches, you guys are better. I spoke to a beautiful campus, beautiful Christian University, to the leadership recently.

[01:01:20.200]

And I mean, somebody should flog them, by the way, we wanted to look at the vision for the University. And after about three hours of agony, there was no vision. There was, "here is what we do." I don't care what you do. What do you want to be? "Here's what we can be." No, not what can you be. What would you love to be?

[01:01:48.000]

Nothing came out. Finally, I said, well how about saying we will be known as the finest Christian University in America. "Oh, that would be too arrogant." I mean come on, Christians. What the heck do you want, then? Do you want to be mediocre? You want to be average? Average is the bottom of good and the top of bad, it does nothing. I mean, what is this? I want to be known in this town as the absolute finest.

[01:02:14.900]

Where you belong, where you get a message that is of value. But of course, that's where you screw up at your churches, you know. Let me give you a message, okay? And don't be mad with me, I'm European, okay? Go into the churches, go into the churches in Germany and France. They're empty. They're empty, because you have nothing to offer, they have nothing to offer. They offer nothing anymore. And you are starting to do that, left and right. I mean oh, it's because of the people, we have gotten people. Yeah, but he have left God behind. What do you offer the people. Nothing. It is stunning to me. Why would people come to my business when I have nothing special to offer them?

[01:03:03.700]

Staying at home, you're getting just as much as in the many churches. Do what you want and somehow that's great. I mean, it's amazing. The product is important, yes. If you don't sell hammers, they don't come to you to buy hammers. But you have to be nice to them so they come back to buy a hammer. Yes. I understand, but you have to have a product. What's the product? Is that product which I have a message of value to them? And I'm telling you, I read this thing, some of you have read it too at this thing, which is called a Bible. It has plenty to offer. Unbelievable what it offers to me. Wow. Why would you rewrite it? And some of you rewrite that stuff? Don't rewrite my Bible. I can do that myself. I don't need you for that.

[01:04:01.000]

Carey Nieuwhof: Glad I asked the question.

[01:04:02.300]

Horst Schulze: Is that, is that clear? Yeah, okay, thank you.

Carey Nieuwhof: That's good. Okay, we got a question in the back, Carly?

Audience Member: Thank you very much for this time. My question is around, I understand the value of customer or member retention, but how do you balance that out with, when you run into wounded or toxic people that are going to disrupt your pursuit of excellence and you can't mediate? Because that's a real time issue for pastors.

Carey Nieuwhof: I would say your name, too.

Audience Member (Josh): Josh Erickson, Park Ridge Presbyterian, Chicago area.

[01:04:34.300]

Horst Schulze: Are you talking customer or employee?

Audience Member (Josh): Customer.

Horst Schulze: Well, that is a fun question. That's another thing. I own that part I said I own the decision if a customer is bad or not.

[01:04:55.600]

There are three things I didn't delegate, as I said, that is the standards. My standard of cleanliness, yours may be different, my standard is being the best in the world and I cannot delegate that. So, that's another area that I didn't delegate. And the vision, the vision is we'll be the best in the world, period. And I don't let you

compromised that. And number three was, I'm the one who make a decision. We had a word for that, if the guest is a jerk.

[01:05:28.400]

We called it, the jerk factor, okay?

[01:05:32.500]

Because I said very early, I developed the slogan, I wrote an essay when I was sixteen years old, which I named "We are ladies and gentlemen, serving ladies and gentlemen," we are not servants. We are ladies and gentlemen, just like the guest. But our profession is to serve them professionally. Okay. So I made that the motto of the company and soon people came to me and said, yeah, well, not, every guest is a gentleman. I didn't say that. I said, we serve ladies and gentlemen that we treat and respect as ladies and gentlemen, and I'm the only one can make a decision if they're not.

[01:06:17.000]

Period. Because otherwise anything that happens, you claim the guest was a jerk. You know, you can't do that. So I made it very clear, you can call me anytime day or night. If there's a guest, you can absolutely not live with.

[01:06:32.900]

Anytime day or night, and it has to be very clear.

[01:06:36.900]

So I made that very clear. Never can you throw guests out of the hotel. I'm the only one who can do that. So I had a call actually, here, my office was next to hotel. It's not the Ritz-Carlton anymore, it was our first hotel here. My office was next to an office building and the gentleman who called me and said, also, "I know you don't want me to, but there is this guest here, this SOB," you know, all this stuff. I said "shhh," tell me what it is.

[01:07:10.300]

He was a long-stayer. The average stay in that hotel was two nights. He is here over a week already, every morning he comes and talks to me in the office and complains about everything, and he's lying. It's not true what he's saying. Not only that last night, he pinched the lady that served up in the club level, he's staying in the club level, paying a high price. Whoa. Okay, here we go. I own him, he is mine. Here's

what you do. You double lock the door. So your lock won't work anymore. When he leaves the bedroom, double lock the door, make a reservation in another hotel, have the limousine waiting, and when he comes back and it's double locked, you as the general manager, talk to him and say Mr. Miller, wasn't his name.

[01:08:01.800]

Mr. Miller, we at Ritz-Carlton want everybody to be happy. We have failed you so far. Please forgive us. We haven't made you happy yet. We try one more thing now. We have another hotel for you, maybe that works.

[01:08:15.500]

But you're gone. We're going to evict you. You're gone.

[01:08:19.200]

Your stuff is out. Limousine is waiting, reservation is made. Of course, I know a guy like that finds me, guaranteed. And sure enough, I was waiting for him. I knew he would call. When it came, there's a guest that's upset. Okay, Mr. Miller is on the telephone. So hello. And he led, "Oh your hotel..." and I said, "Mr. Miller, you don't have to explain me because I'm the one who gave the direction to evict you." "Oh, I will own you. I will sue you..." everything and a word. And that's fine. You'll sue me. I will be in the courtroom together with the lady you pinched.

[01:08:55.700]

Go ahead.

[01:08:58.300]

I'm not kidding you. This is true story and we never heard from him. Eight months later, the general manager from Naples, Florida called me and said, Horst I have this guest from hell here, every morning comes to my office and complains.

[01:09:16.000]

Not only that he pinches the ladies at the club level. And I said, oh Mr. Miller is with you. How do you know? I know Mr. Miller, here's what you do...Mr. Miller was double locked and the general manager came in and said, we want to have everybody happy. He said no, not again, and he moved out, and we never heard from him again.

[01:09:40.700]

You have to know there is a red line, and you have to know where that is, and if you insult an employee, that's a red line. If you keep on complaining, I would have said let him complain. So as long as keeps on paying, so what, raise the rate a little bit. If he complains too much for a week give him a message, by the way is starting next week, your room is more expensive. Charge 50 dollar more a night. Then if it checks out fine, but we set a price. Do something, but still, there's a line here. But we say, every guest is right.

[01:10:25.900]

All the time. But of course, that's not true. That's not true. But I cannot delegate that, otherwise every time something happens to guests, oh the guest was wrong, we were right. No. That's not how it works. I'm the only one. I cannot delegate that. I'm a delegator and it's well known in industry, that every one of my employees, every one, every bus boy, every body was empowered. When a guest is unhappy, they could make a decision up to \$2,000. I would not be questioned, to make sure the guest is happy. Anybody can do that. I'm delegating. But there's certain thing I don't delegate, period. Good question.

[01:11:12.500]

Carey Nieuwhof: Other questions?

[01:11:17.700]

Audience Member: Hi, I'm Crystal Mizuka from Westwood Baptist Church, near Seattle, and love what you said about just that pursuit of excellence. But I know that in ministry, I would imagine in business too, what we would call a pursuit of excellence leads us into burnout, to the detriment of ourselves, and our relationships. And so, would just love to know some words of wisdom you would have for all of us in how do we pursue excellence, but not kill ourselves doing it?

[01:11:53.900]

Horst Schulze: I think you asked the good question to the wrong guy. I really don't believe in burnout.

[01:12:06.700]

What the heck is it? Look, I left home when I was 14.

[01:12:13.700]

Lived in a hotel, in a dorm room. Worked as a busboy at the time, I meant washing dishes and everything, working at least 14 hours a day. I was never burned out. I enjoyed it, because I wanted to work in a hotel. And later on when I started Ritz-Carlton, for two years I didn't take one day off, not Christmas, not holidays, nothing, not one day, not one day.

[01:12:41.900]

Not one day, because I was building a new brand. And here's why I was able to do it. Because I had a dream. I didn't do it for the function.

[01:12:56.000]

I did it for my dream. I don't go to work to work. Period. Never.

[01:13:03.000]

Not one day to I go to work to work. I go for a dream. Purpose. Again, people will perish without purpose. You have heard that piece. Aristotle said it, everybody ever since can tell you, and a lot of philosophers can tell you, you cannot live well without purpose. I never had a burnout. I enjoyed going the next morning. I couldn't wait to get in and work for that purpose, but if you're not driven by purpose, and it is just function, obviously you burn out.

[01:13:37.300]

Obviously, but if that function and that work is for something higher, that's why you don't do things without high intent. When the visions are created by people, they always come up with something that is a business thing that is that can be accomplished. No, a vision is something that you dream you would have, this beautiful thing. And that's why you work for it now. And that's why work is not work. When I start to work, allow me, I'm sorry. The first day of work, my mother took me, I begged to work in the hotel business. I cried and cried. My parents were embarrassed to go to the hotel business, this low-class thing.

[01:14:26.700]

But that's what I wanted. And finally they decided to take me to the best hotel in the region which, unfortunately, was over 100 kilometers away. And in 1954 that was very far. About three hours to get there by train, changing, and so on. But it was the best hotel in the region. And the first one that talked to me was the general manager. And said, you are here to learn to be a servant to very important ladies and gentlemen, of our guests. My parents told me too, we could never go to a hotel like

that. And then the Maître d' talked to me. A man of true excellence, I never met anybody else like it in my life. Never, not even close.

[01:15:09.300]

He didn't do anything without high intent. And he said to me, two sentences, changed my life.

[01:15:16.000]

I didn't get it then. I was 14 years old. I had no idea what he said.

[01:15:22.400]

But it never left me because he lived it every day and repeated every day. He said, the first thing tomorrow, show up here at 7 am.

[01:15:35.100]

Now listen, if I meant one minute after seven, I would tell you so. Seven. What did he do? He established standards. Rules and regulation. No ifs or buts, was very clear with one sentence. And then he said, "and don't come to work. Come here to create excellence in what you're doing." Create excellence washing dishes, cleaning floors, a high moment was when we were allowed to clean an ashtray on a table, at that time.

[01:16:12.000]

He came to work, not to serve anybody food. His high intent is to instill well-being in people. It's a higher intent. And if you have that high intent, you love to work another hour to get there. What a beautiful moment. Loved the tension, because that gets you an inch closer to this beautiful destination that, you know is good for so many people. That's why I don't burn out.

Carey Nieuwhof: I've got to tell you, I respect that story and love that that's your experience. I wish it was mine. Crystal, I got a book for you and we'll get it in your hands. Other questions?

[01:16:56.700]

Audience Member: Hi, my name is Dave. I'm from Trailhead Church in central North Carolina. Had a question around alignment. I really appreciate what you said there, but what do you do when you feel very strongly about the product that you need to be offering, and the market doesn't always seem receptive to it? In other

words, how do you persuade the customer that they need something they may not have come in looking for?

Horst Schulze: Yeah. That's, of course, very complex and under certain circumstance can do it. I did that here in Atlanta. I had a hotel. Mind you, people asked me what this, this is Ritz-Carlton at the time. Nobody remembers at the time Ritz-Carlton was a hotel in Boston. Which was a flophouse which we took over. When you went to the washroom in a public area have to pay fifty cents. And fifty cents was nothing. We closed it, but it had a registered name, so we rebuilt it. It was a great location. So the first hotel we opened was here. And what I wanted to do is set a new standard, and and an image, and so on. And I wanted to build the best hotel. That's why I came here. Before that I was running 65 hotels for Hyatt. I was in charge of all the hotel's food and beverage operations in the United States. I didn't need a job. I came here for a dream, to create a finest hotel company in the world.

[01:18:32.700]

And then I knew, I have to do something which nobody at the time in Atlanta would understand.

[01:18:44.400]

Lobby bar, chamber music on Thursdays.

[01:18:51.200]

High tea, while there were a few ladies influential and who understood it and came in. And then I say, I have to go to the next dimension and have a truly world-class restaurant here.

[01:19:05.900]

To establish the brand.

[01:19:08.000]

So I heard about a chef in Washington who just came from Europe. I went to his restaurant, had dinner there, and oh my gosh, unbelievable. To me, the best food in the world.

[01:19:23.000]

So I called Chef in. Can I talk to the Chef? Are you allowed to sit down for a minute?. And I told him at the time, you don't know yet but you're going to work. I knew that his cooking in Atlanta would not be accepted. I knew that totally. And we, at a time

in that dining room, had a good local Chef. We saw sold an average of 76 dinners a night average. Weekend more, week less, but a good restaurant. But I needed truly high cuisine. I want to build a global brand. I brought this guy in.

[01:20:11.700]

I warned everybody, this is gonna be disastrous. My guys said, don't get chopped. The business will collapse. People will say, what is this? Small portion, very high end. And sure enough, we ended up three months later we sold an average of 18 dinners a night, but I knew I had to stick to it. And slowly more, and then all of a sudden, sold-out. And, people moving into a hotel on weekends just to have dinner there and reservations. But it took a long time. It took pain. Now if I wouldn't have had a successful hotel, I couldn't have done it. I had successful hotel with rooms. I had the money. In other words, I had the staying power to do it, otherwise I could not have done it. I wouldn't know how to do it. I mean, again, there is a constant questioning.

[01:21:07.700]

Who is it good for? Is it good for everybody? I don't ask myself that once. What is right here? Would God approve? That's a question. I must have being a Believer. house that would gather proof and evidence the answer's yes, I have to go on. In this case, business-wise, I could not have done it because the loss of money would have been too heavy, but I could afford it because I was doing pretty well in the rest of the hotel.

Carey Nieuwhof: All right we have one final question, Carly.

[01:21:41.300]

[01:21:43.300]

Audience Member: Hi, I'm Shannon Parker from Raleigh, North Carolina. So honored to be in the presence of you both, so thank you. So I wanted to touch on culture and customer. In your book, you talked about leadership versus managing and you talked about having that dream and being so passionate about it.

[01:21:59.300]

Which, I believe, my brother and I, we have. And then we want to hire and bring people who can tap into that, duplicate part of our work ethic, our drive, and expand it. But sometimes there's this gap between a high capacity or high performance leader, and then those who bring on. You've established hotels worldwide. How were you able to establish leadership that came up to par to you as close as it could?

So, you could trust their leadership and continue the culture and the impact for the customer?

[01:22:35.000]

Horst Schulze: Well, part of the answer I've given, but there's more to it. Part of the answer is, we didn't hire anybody unless we said, here's who we are, do you want to join us? Don't come to work here. Here it is. We want to be the best in the world. Here's what it takes, will you join us? So from the very beginning, we put, our thinking into their mind.

[01:22:55.100]

Because a culture is, what does the organization overall feel, and beliefs and things. That's the culture. I had hired a general manager, mind you, I had hotels in five continents. If you waled into a Ritz-Carlton in Shanghai, you had to feel it's a Ritz-Carlton. You had to know it. And the reputation that came back on me, too, and on rest of the company, was done by the doorman in Shanghai who had no control over and so on. So for an it had to come from the general manager. Okay. So I made sure that general manager, I interviewed, myself. But I made it very clear. Look, here it is. You have to understand this and the twenty points that we teach, plus couple of other things with it. They're non-negotiable.

[01:23:52.600]

Read it. If you cannot live by that with your heart, don't join me. Because if you don't do it. I told him, look at me. You want to see the real enemy? That's me, buddy, I'll hurt your career. If you're accepting it and you don't mean it, you're a liar. And I don't need a liar here. And you're going against everybody in this company, who are there to me. So you have to accept this all, they're non-negotiable, and then they measured if it happens. With an outside company measuring if it actually happens in the hotel's. Now we had other tricks to make you feel like a Ritz-Carlton but many little points that you didn't see, for instance that in the elevators, the same smell in every elevator in Ritz-Carlton. If you knew the smell or not even notice, there was this. So we did little things.

[01:24:50.300]

I checked into a to a Waldorf Astoria in Orlando, a couple of years ago, and arrived at the doorman on the door, with the car, and I said, wow, and then just checked in and from this, wait a minute. Who's the general manager here? Oh Michael King? Well sure, he worked for me for 15 years. I could tell. I could tell that there was a general manager who worked for me because we taught certain things very, very careful.

And we asked, hey, do you agree? If we needed something new, does everybody agree? If you don't, speak up, but if you accept it, you must, it's non-negotiable. No matter where you are. Don't tell me it's different. I heard that and again, it's different in Berlin. Yeah, I know it's different, but those things are not negotiable. The rest do what's different, but those things that at a Ritz-Carlton the standards, you live by. That's who we are.

[01:25:49.900]

So we made it very clear, the expectation. We made every time clear, why do we do that? See Adam Smith. What did Adam Smith say in his second book where he studied human being? He said, people cannot relate to orders and direction. What do we do? We give orders and direction to our people. He said people can only relate to objective as vision, and motive? We do it so we can be the best in the world, and our motive is so that everybody will benefit, opportunity, and so on. We constantly referred to objective and motive when we did something. So that was our common occasion all day long. And I made it very clear.

[01:26:40.900]

You define yourself in this company, and I'll tell you how much that is true. 31 companies, hotel companies, around the world today, the president or CEO used to work for me. 31 companies. It's mind-boggling. Because why? Because I was good? No, because the name defined them as being the best. And we kept on reminding you, that's what we're doing, we're defining ourselves. And everybody listen, every parker out there defines you, everybody defines you. No, it defines the church, who are you kidding. Can I tell them one more story?

Carey Nieuwhof: One more story.

Horst Schulze: Listen to this for a moment. I had to speak to a bank. I probably told you that story before. 30 years ago about customer satisfaction. Be with me here. This is so important. This is true story.

[01:27:40.900]

Continental Illinois Bank, which doesn't exist anymore. They wanted me to talk about customer satisfaction. Now, very fast, remember the two things I'm going to tell you. Now what is service? Service starts the moment you make contact. It doesn't start two seconds later. It's starys, welcome, good morning sir. Good morning ma'am. It continues. But doing what the guest wants, to help them. It's about them. And it ends by saying, farewell, thank You. What's the customers

expectation? No matter what you buy, no matter what you buy in life, I know what your expectation is subconsciously. By the way, that's true in all cultures.

[01:28:25.200]

Your expectation is that the product is defect-free. If you buy a bottle of water, you don't want anything to swim in it. You want a product that is defect-free. Number two, you want it timely, when you want it. Number three, you want people to be nice to you. Remember, what is what is service and culture? And the expectation, I hope you remember that. Back to the bank, so I go to the bank the day before and had never been there, because I know I have to speak tomorrow about customer satisfaction. I walk in and it's a beautiful bank. Marble pillars, stained glass window, everything, and a long counter of tellers. In front it was a maze, I go into the maze. Twenty people in front of me, but it didn't take long. Pretty soon I was number one. I mean, literally, instead of look around, look left with all the tellers. I look left and somebody over there screams, "Next!"

[01:29:19.700]

First step of service is a "welcome." "Next!" she screamed. And I go up to her, it's a woman teller, the men are worse, and look at her face, she's finishing something for a second. I can see, I don't know her, so she doesn't know me. When she looked up it was told totally clear that she hated me. And she said, "yes?" Get the point here. And I said, I just want to change \$50. She actually signed. "10, 20, 45, 50. Next!" I take my product, defect-free. I had the right change. The timing was good.

[01:30:03.400]

Service? Non-existing. What could she have done? She could have said, "next Gentlemen, please welcome." I come to the counter and said, "how may I help you" just wanna make change, "My pleasure. 10, 45, 50, have a wonderful day. Thank you for coming by." Bang. Instead of being dissatisfied, I was satisfied. She could have done, and that is what I tried to tell you before. Millennials, she could have said the next gentleman please. And come to a teller said, "Welcome Mr. Schulze, how can I help you?" Individualized to me. Personalized to me. I just want to change \$50. "My pleasure, Mr. Schulze. 10, 20, 45. And here are five coins, because I know you collect coins." Individualization. That's the next level of service, okay? So I could have, but she didn't do all that. She said next, and it was ugly.

[01:30:56.800]

So I left there. For the next twenty years, I'm not kidding you. I make a lot of speeches, usually four or five, eight hundred, thousand, and more people. I

mentioned that story. I mentioned the name of the bank. There is one teller that defined the bank as a lousy bank. I told the story about a lousy bank, but not only that, she defined her fellow workers. Wow. Why would you let that happen? Why isn't everybody trained to look people in the eyes? Within ten feet? Why ten feet? Because when you come within ten feet, you make the decision about the other person. But you have to define yourself. And again, it's relationship that defined her.. Why would you let that happen?

[01:31:49.400]

Why would you let that happen anywhere? I don't understand that. Teach them. But why is it within 10 feet? You make a decision about other people within 10 feet, subconsciously. But how long before they make a decision about you too? So we make sure that with if you come within 10 feet, we look you in the eye and said, good morning, or good afternoon, whatever, how are you? In their eyes, smiling. Good morning, welcome. That has to happen. In that moment my employee defines me, and the company, and everything, and their fellow workers. Why would we let that happened and define us negatively? We either select wrong, or we orient wrong or we teacher wrong. Then if they are lousy, why did you hire them?

[01:32:44.500]

Or maybe you teach them wrong, or you have the wrong work environment, or they're just fulfilling a function rather than being part of something. That's it. Thank you very much.

[01:32:54.400]

Carey Nieuwhof: Wow. Thank you so much.

[01:33:00.900]

That was a 90-minute masterclass. And if you want more from Horst, you can go to horstschulze.com, his book is called Excellence Wins. It's a great book and thank you for teaching us at such a deep level. So Carly, you can fill everyone in on what's up. Thank you so much.

[01:33:21.400]

Carly Voinski: Warm thank you for Horst and Carey. Thank you guys so much.

[01:33:25.500]

Carey Nieuwhof: Ah man. That was a fun episode to record live. And thank you to everybody who came out in Atlanta. We will be doing a few more of those I'm sure, as time goes on. Thanks to our partners, BELAY, you can get your free resource, The Top 25 Tasks a Pastor Can Delegate to an Assistant, by texting, CAREY to 55123, and get free texting for your church with Gloo. Go to get.gloo.us/texting to sign up for your free account. Well, don't forget also, I have got some show notes for you. I've got transcripts for you over at careynieuwhof.com/episode575. You can find it there for free.

[01:34:07.800]

And next time, I'm so excited to have Seth Godin back on the podcast. Seth has always been one of my favorite people, but as we've gotten to know each other over the last few years even more so. He is the real deal, and we talk about work and a lot of other things. Here is an excerpt.

[01:34:24.700]

Seth Godin: They are doing an endless series of chores, they're using authority to get people to do what they want, and they're trying at all costs to avoid failure. That's what managers do. Leaders, we do work that if we do it for 20 years and it didn't work, we can still say, I'm glad I did it. Because that's the work, is to show up even when it's probably not going to work, but it was still worth trying. And I think that there are a lot of latent leaders who have gotten caught up in the trap of managing. And one of the things that you've done with your work over and over again, is reminded people why they signed up for this in the first place. And it's not to be a cog in some sort of spiritual machine, it's to be a leader.

[01:35:18.000]

Carey Nieuwhof: So that's next time on the podcast. Also coming up, we've got Frank Bealer, Dr. Henry Cloud. Who else would we got? John Gordon is coming back. Paula Farris, Gloria Mark, Dr. Scott Lyons just did an interview with him. Absolutely fascinating. We've got Judah and Chelsea Smith, Miroslav Volf the Theologian I've been wanting to talk to you for a long time. Richard Foster, and a lot more. Before we go, every Friday I send out a newsletter to over 85,000 leaders and what it is, is some of the best stuff I have found on the internet.

[01:35:51.700]

It's a curated newsletter. Usually three, four, five pieces, thought provoking, short. It's on faith, culture, AI, deep fakes, what else have we got, tipping. I gave out a guide to tipping around the world once, and a whole lot more. Just stuff that really catches

my attention. Sort of in your lane, but also out of your lane. I find that's the best way that I learned. So if you're curious and you want to know more, you can opt in or opt out anytime. Just go to ontherisenewsletter.com sign up today for free. I'd love to get that in your hands as early as this week. Thank you so much for listening, everybody. I really enjoyed being with you today. If you enjoyed this episode, leave a rating and review, share it with a friend. Hit me up on social. @CareyNieuwhof on Instagram, and I hope our conversation today helped you identify and break a growth barrier you're facing.