



Concurrent Breakout Session: Panel and Discussion

Monday, May 19th, 2008

3:45pm – 5:00pm

Session 1

Louis XVI Suite, Center Room, 4th Floor

The Demand for Talent: Navigating this Challenge!

Panel Leader:

***Kenneth Greger**, CEO and Managing Director
Greger/Peterson Associates, Inc., Oregon*

Panelists:

***Mary-Elizabeth Gifford**, Creative Director & VP Global Brand Communications,
Jurlique, Washington, D.C.*

***Wolf Hengst**, President & CEO, Amala Consulting and Holdings, New York*

***Christopher Norton**, Director of Marketing & Communications*

Ecole hôtelière de Lausanne (EHL), Switzerland

***Vanessa Stoessel**, Spa Management Student*

Ecole hôtelière de Lausanne (EHL), Switzerland

Contributors:

***Catherine Brilliantes-Turvill**, President Spa Professionals International
Development Center, Philippines*

***Neil Jacobs**, President, Starwood Capital Hotel Group, Connecticut*

***Angela Jeantet**, Director of Education Programs*

University of California Irvine Extension, California

***Jack Morrison**, Managing Director, Elmcrest College, Canada*

***Professor Mary Tabacchi**, Professor, Cornell University, New York*

Scribes:

Taren Hamilton (UC Irvine) and Liza Solomon (Cornell)

Kenneth Greger (Panel Leader):

Last summit, the demand for talent challenge was defined. Between the years 2008-2015, there will be a 26% increase in people 65 years and older. During that same time frame, a 5% decrease of people between the ages of 40 and 54 years old will take place as well as a 6% increase for 25 to 39 year-olds.

Entrepreneurs will start young, which will have a negative impact for employers; we can equate human capital to a company's competitive advantage. Spas will not just be competing with spas for human capital but with the entire industry. We need to take a four-step approach in this labor shortage: Attract, train, grow, and retain. In order to attract labor, we need to partner with academia. In order to do so, last year, we created the global labor task force which included four divisions: Labor shortage database, academic partnership, HR compensation/retention, and PR/Public Affairs.

Heather Blankinship (Spa Director from the Rocco Forte Collection)

(on Labor Shortage Database; not in attendance at the Global Spa Summit)

The purpose of this committee is to bring together existing global sources of Spa Education/Training and Recruitment on all levels.

Step One:

We would like to invite you to help us, "join together and shape the future" by taking some time to write down known educational programs, trainings and recruitment companies in which you have had success with or know to have a great reputation. Write down what you know and we will research the rest. As many different resources you can provide us with, the better. Together we can make a difference; together we can provide accessibility and let the industry know that there are solutions to the so-called, "Labor Shortage." There are so many wonderful programs, trainings, massage and beauty schools and further education already in place. Let's pool our resources together to help our industry meet the demand for talent and raise the standards.

Step Two:

Pool the data together and provide access on the GSS Website. This shall serve as a platform to utilize and quickly find solutions when recruiting or training staff on all levels.

Step Three:

Once this portal is recognized and companies have access to help them staff their spas, the next step should be working on setting industry-wide standards to ensure that we not only meet the demand, we maintain long-term growth within this industry. We would like to present the first steps at next year's Summit. Let us continue to join together and create tangible solutions to help shape this special industry!

Extra Notes from Heather:

To re-cap on the closing statements of last year's Summit, I would like to personally invite you and remind you of the "Spirit of Spa." What makes it so special and why



did we get interested in it in the first place? Yes it is a business, but we need to work in this industry with integrity or it won't continue to grow and be nourished by the many consumers seeking out spas, health and wellness.

When I hear of the numerous accounts of spa experiences being "ok, good or even bad" or therapists from some parts of the world being paid \$300 a month and delivering 11 massages per day, I wonder how this industry can last or how we are really helping to make the world a better place? How are we shaping this industry?

We are the leaders; we have to set the example, we have to lead with integrity and walk our talk! Let us open our hearts, exchange knowledge and join together so we can continue to watch this industry shape all of our futures and truly make a difference in this World.

Mary Tabacchi:

People, there is no labor shortage! There is a failure to connect! We need to pull our students into the industry. We have bright students with hundreds of job opportunities when they graduate. We just don't know how to get labor. The spa world has a problem attracting. Recruiters ask obscure questions to students. Tell your recruiters to TALK to the students. New employees lack "managerial experience" which makes them feel uncomfortable. We need a "road map." Students need to see that there is a career path. In some way, we oldsters get a little bit of a threat. The spa industry fails to provide role models in the school and the industry.

We need to provide training and school interaction. We need to provide internships and externships to school students. Remember, there is a connection shortage not a labor shortage!

Mary Elizabeth Gifford:

There is a shortage of companies offering compelling transformational ways to live. We have found best practices. Canyon Ranch and Naturopathica offer great incentives. Look at the econometric. Like Ian Schrager said, "The consumer is worth that sixth coat of paint and the third mock-up because it will pay." Next year we will elicit and inventory best practices to educate the financial side.

Kenneth Greger (Panel Leader):

Question: What keeps you up at night in respect to the demand for talent?



Wolf Hengst:

I am concerned about getting staff. The culture of Four Seasons accomplished something truly unique. I interviewed with Izzy (Isadore) Sharpe for 2 ½ hours and was never asked about my successes. I asked Izzy why he didn't ask that question. He told me that he wanted to get to know me. The beginning of our culture starts with the 3 P's: People, Product, Profit. The culture of our company is around people. It is all about listening, training, developing all for the short and long term. It is how we treat, talk to, and train our people. In order to be successful, you need to put the culture of the company around people.

Kenneth Greger (Panel Leader):

When people get the love, they won't leave.

Christopher Norton:

When 95% of students apply to the hotel schools, they want to be in the hotel industry. At graduation, less than 50% of these students go into the hotel industry, and three years later only 25% of them are still with the industry. The challenge is to better understand where we are making our mistakes. Recruiters can't come to these schools just for seniors; they need to come when the future seniors are freshman.



Kenneth Greger (Panel Leader) to Vanessa Stoessel:

Why did you choose to go into Spa Management?

Vanessa Stoessel:

There was a lot of family influence. To talk about students' attraction to the industry, companies can't wait for employees to come to them, rather companies need to go out and get them!

Kenneth Greger (Panel Leader) to Vanessa Stoessel:

Is Spa considered a credible career?

Vanessa Stoessel:

No. Banking is. Students don't realize the wealth in the industry. They think it is more

to do with operations which go hand-in-hand with long hours. We need to set up spa management programs. We need to dedicate the time to grow these programs.

Mary Elizabeth Gifford:

Look at what you do for your guest and cater it to staff—not just to executives but to line-level employees too. There needs to be a thread of integrity that runs throughout the company. It's important to share information. Allow your guests to know of your internal culture. Spa consumers are very conscious consumers. They care about the story behind the story. You need consistency and continuity.

Wolf Hengst to Vanessa Stoessel:

How do spas present themselves at school?

Vanessa Stoessel:

Spas have shifted from an amenity to an entity. But schools definitely don't push spa and wellness.

Mary Elizabeth Gifford:

Who does the spa director report to? Is it the manager? It varies everywhere.

Kenneth Greger (Panel Leader):

How do you calibrate growth?

Wolf Hengst:

You can't stop growth. It is great capitalism. We look at five years [from now]. You do that at different levels. Bottom line—you can't stop growth!

Neil Jacobs:

(On Four Seasons) Four Seasons didn't have a conventional corporate spa department. A very active task force was formed a couple years ago. We hosted a twelve-month program that took internal Four Seasons managers who were interested in spas but didn't know much about the industry. We gave them an extensive spa development program in Asia. The Four Seasons created its own spa department. This was a very organic and effective way to create our own directions. A big mistake is generally made with the General Manager. The GMs don't know a great deal about the spa industry; they have not come from any spa culture. We need to create buy-in at the GM level. GM education is #1.

Catherine Brilliantes-Turvill:

There are 80 million people in the Philippines; in 2006, there were 2.5 million college graduates. Filipinos have a strong culture of hospitality and healing. Their English is very strong, and they would do very well working in the United States; however, Filipinos can not afford to go to the United States if they are only being paid a \$300 monthly salary for 11 hour work days, along with the difficulty of getting a visa. These working

conditions restrict Filipinos from working in the U.S. They can do a great job, but how can they manage to do it? Should they leave their families behind?

Kenneth Greger (Panel Leader):

Spa is all about mind, spirit, body but are these statements transferable to our employees? Are we treating our employees with respect?

Jack Morrison:

There is a challenge also with massage therapists. In North America, there are approximately 25,000 open massage therapy positions. Why are these people coming into the spa industry and being told they are too good for spas and they should go to rehab centers to work? Estheticians need money; spa management employees would like to walk into a job with a good salary that can help them start living.

Kenneth Greger (Panel Leader):

So what is the solution? How can we get from X to Y?

Jack Morrison:

We need to open up our minds. No comfort, no box, look at reality Look at the important skills. Forget the "X" number of years needed to work in a position. Give them a chance!

Angela Jeantet:

We have a continuing education program certificate that students can obtain from UC Irvine.

Martina Rizzo (Student of UC Irvine):

Spa businesses have no tools in their tool box to manage. I have horror stories from interviews. Management of spas requires a business background. Therapists have no sales experience. UC Irvine has a nine-month program with five core courses and the rest are electives. We need to bridge the gap between therapists and management.

Kenneth Greger (Panel Leader):

Key Points: There is a lack of qualified staff and a lack of schools to train to that level. We need more associations with spa schools, and we need to inform schools to speak with professors. There is a supply line problem.

Jack Morrison:

Look at industry standards and form your program around these standards.

Dr. Marc Cohen:

Look at spa as a career not as a job. We need to participate in social/global responsibility.

Audience Comment - Gary Henkin (CEO, WTS International)

[School] curriculum should focus on health and wellness. Recruiters need to come!

Audience Comment - Frank Pitsikalis (CEO, ResortSuite):

There needs to be a strong alumni base to help current students find their way.

Audience Comment - James Wade (Owner, Wade & Co.):

Consider paying more to retain employees. How about spa salary benchmarking?

Wolf Hengst:

Look at food and beverage. Chefs get great salaries. Why not spa? "Love people, use money, and never confuse the two."

Kenneth Greger (Panel Leader):

The spa industry has been sloppy with its employees. How stupid we are to lose our investments!



The Global Spa Summit is an international organization that brings together leaders and visionaries to positively impact and shape the future of the global spa and wellness industry.