

# **Burtenshaw Distinguished Lecture Series 2018: The Heart of Hospitality**

**NANCY SWANGER:** If the jumping screen didn't get your attention, that certainly did. So I'm going to start, first of all, by welcoming you to our 2018 Burtenshaw lecture and then throwing out a quick disclaimer that technology is wonderful until it isn't. And we've got this little stutter thing in here and are just going to make the best of what we've got.

I'm Nancy Swanger. And as the Associate Dean and Director of the School of Hospitality Business Management, it is my privilege to introduce our featured speaker and to provide a bit of history on the Burtenshaw Lecture Series. Before doing so, I would like to ask as a courtesy to our speaker and all others that you turn off and put away all electronic devices, particularly your cellphones.

As noted in today's program, the Burtenshaw Lecture Series is made possible through a donation by Jerry and Angelina Burtenshaw, which commemorates their late son Calvin Brett, who planned to enter WSU's hospitality program before being involved in a tragic accident many years ago. For the first time in the lecture's history, we have included a picture of Brett working as a concessionaire in the family business, which, to me, is simply priceless.

Each year since 1981, WSU's School of Hospitality Business Management, through the efforts of the Burtenshaws, has invited leaders in the field of hospitality to visit our campus and to deliver a lecture to our students, faculty, and the community.

Today's lecture is being video streamed live online.

For Angelina, who has unfortunately been unable to make the trip, and those Cougs who may be joining us from Cesar Ritz Colleges in Switzerland, Vancouver, Everett, Tri-Cities, and the Global Campus and beyond, welcome, we're glad you're here.

In addition to supporting the Burtenshaw Lecture Series, the Burtenshaws have been instrumental in helping to shape the WSU hospitality program throughout the years with their vision, their leadership efforts, and through their very generous contributions to the school. Jerry Burtenshaw is a prominent and very successful graduate of our program. He has received numerous noteworthy honors and awards, including WSU's Alumni Achievement Award, induction into the College of Diplomates of the Educational Foundation of the National Restaurant Association, being named Hospitality Man of the Year by the Washington Restaurant Association, the Dean's Distinguished Leadership Award by WSU's Carson College of Business, and in 2017, was inducted as a member of the inaugural class into the School of Hospitality Business Management's hall of fame.

The Burtenshaws are remarkable individuals who have turned tremendous personal loss into the establishment of this wonderful lecture series that has significantly impacted students for over 35 years. Jerry is here with us today. Please stand and be recognized.

[APPLAUSE]

In our audience today are a number of others that I would like to have stand and be recognized, members of the SHBM Ambassador Team, officers of our professional student organizations, Sigma Iota, Eta Sigma Delta, PCMA, and the National Society of Minorities in Hospitality, faculty and staff from the School of Hospitality Business Management and from the Carson College of Business, the very dedicated members of the SHBM advisory board, and Dr. Chip Hunter, Dean of the Carson College of Business. Thank you.

[APPLAUSE]

Now to introduce today's guest. Joe Berger is Executive Vice-President and President of the Americas for Hilton. He is responsible for the operations functions of over 350 corporately managed Hilton Hotels and Hilton Grand Vacation resorts throughout North, Central, and South America.

Prior to his current position with Hilton, Berger served as co-president of LXR Luxury Resorts and Hotels, where he managed the formation and growth of the enterprise for over four years. Under his direction, the company repositioned several iconic properties to create one of the most profitable resort and hotel operations in the industry. Previously, he also served as president of Prime Hotels, which operated AmeriSuites, Wellesley Inns, and other independent, full-service hotels.

Earlier in his career, Berger served as managing director of the world famous St. Francis Hotel in San Francisco, and previously held positions as Area Managing Director Northeast for Starwood Hotels and Resorts, as well as general manager of both the Westin, William Penn in Pittsburgh, and the Fairmont Hotel in San Francisco. He has also worked internationally, both in hotel operations and finance with Marriott in Vienna, Frankfurt, Munich, and Warsaw. He is a native of Virginia. And Berger now resides in Florida with his family. Let's give a very warm Cougar welcome to Mr. Joe Berger.

[APPLAUSE]

**JOE BERGER:** Nancy, thank you. Thank you.

Thank you for the invite. It's an honor to be asked to speak at the Burtenshaw Lecture. So Jerry, thank you so much. And I got to tell you. I feel like a Cougar today. I really do. You guys have so much energy and so much enthusiasm, it really is great to be here.

But I thought I'd start with telling you-- you heard a little bit about my career. I thought I'd start with telling you a little bit more about myself, tell you a little bit about Hilton, what makes Hilton tick, tell you a little bit about our history, and then talk a little bit about our history-- who we are. And then I thought I'd just talk a little bit more about what you should be focusing on while you're in school and in your career when you first get a start in hospitality.

Let me tell you a little bit about my career. You heard part of it. But you know, I started in this industry as a bellman. And I absolutely loved it and fell in love with the hotel business. You know, I fell in love with interacting with guests, interacting with people.

And I fell in love with just how different the hotel business was. It had food and beverage. You know, it had finance. It had marketing. It has all the general components of a business, which were really a lot of fun.

And I decided I really wanted to make a career in the hotel business. So I went from the bell stand to the front desk, became a front desk supervisor, and then went to school. And I went to Penn State University and got a degree at Penn State, and was hired out of college by Marriott. And they put me in their development program. And I worked for Marriott for about-- I don't know-- 10 years. And I had a great career with Marriott, really enjoyed it.

And as I thought about the business at that time, I thought it was important that I get some international experience. And I volunteered to go overseas and work in our hotels in Vienna, Austria, and in Munich and Frankfurt a bit. So I got some great international experience.

And then from there, frankly, my wife had had enough of living overseas and wanted to come home. And we moved to San Francisco, at the Fairmont Hotel in San Francisco, where I worked in finance for a while, then moved back into operations. And just loved the business. But it was a family business and a little different than I was used to at a big corporation.

So I looked for another opportunity to join a major corporation again, and joined Westin hotels, and worked at Westin for a number of years. And I worked as the area manager for-- I worked as the general manager for the Pittsburgh William Penn. It was a Westin Hotel. And we had an area of in the Northeast and the Southeast and had an opportunity go back to San Francisco.

And I had an opportunity to manage the St. Francis Hotel, which is an iconic hotel in San Francisco, and an opportunity to really run a big, what we call supertanker hotels in our business. And I'm sure you've heard that term before. And I went to San Francisco. And I just loved being in San Francisco running a big hotel.

And I worked a little harder again to broaden my experience. And I joined a company called Prime Hospitality. And I ran Prime Hospitality for a few years. And that's a limited service company. So I learned a lot about the limited service business.

And then that business got sold to Hyatt. And we started a business called Luxury Resorts. And Luxury Resorts was a fun company to be a part of. We grew this luxury resort business.

And over time, the company I worked for, which was a private equity company called Blackstone, bought Hilton Hotels. We took this luxury resort company. It had resorts. It had hotels in it. And we folded it into Hilton, after the private equity company bought Hilton. And I joined Hilton as a President of the Americas.

So I've kind of had a very different and varied career in the hotel business. And I've enjoyed every minute of it. I love the hotel business. I love how complicated the business is, and how simple the business is at times. And I love the art and theater of food and beverage. And it's been a fun ride. It really has. And so that's kind of my story.

And now, I thought I'd tell you a little bit about Hilton. And Hilton today, you know, we're on the brink of our 100th anniversary. And we're one of the largest and fastest growing hotel

companies in the world. Today, we have over 5,200 properties with almost 900,000 rooms. And we operate in 105 different companies.

Now, today, we have 14 brands. And these are the brands. You can see them here. We have Waldorf Astoria, which is our iconic luxury brand that we're very proud of. And we have our flagship Hilton brand, which is our mothership brand what we're very proud of. And we have 14 brands in each of the different niches of travel, everything again from Waldorf and Conrad of luxury, to Tru, which is our economy brand. And True looks to be one of the most popular, fastest growing brands I think we're going to see in our industry.

But the great thing about a company that has all these brands across all these different segments in the hotel business is we have a hotel for every traveler's need. And you'll find Hilton Hotels in rural areas today, starting along highways, in major capitals of the world, major resort destinations. So we're in every segment that travelers would like to be in.

Now, let's take a look back at how Hilton got started. Conrad Hilton was the son of an immigrant from Germany and Norway. And he really wanted to be a banker. And that's what he had his heart set on. And he worked very hard to buy a bank. And it just didn't work out.

So he regrouped a little bit and bought a little hotel called the Mobley Hotel in Texas. And that hotel ended up being pretty successful. And he was able to buy a number of other hotels. And he kind of grew this small business in Texas. And before he knew it, he had a major highrise hotel in downtown Dallas. And our roots were centric Dallas, Texas.

And then the Great Depression hit. And it was tough times for Conrad Hilton. He really almost lost all of his hotels. But he worked through the Depression. He did a great job getting them back. And by 1940s, Conrad Hilton was very successful again. And he was really able to buy The Roosevelt and The Plaza Hotel in New York City. And all of a sudden, Hilton was a was a coast-to-coast hotel company in the United States.

And then in 1946, Hilton joined the stock exchange and became a listed company in the New York Stock Exchange. And '46 was a big year for the company because that was also the year we had our first international hotel, which is the Caribe Hilton, which is still operated today, and is still the fun place and a great destination it used to be. And you know, the Caribe Hilton is the first hotel that developed the pina colada. And we have a lot of those. We have-- the first hotel that developed the brownie was the Hilton Palmer House in Chicago. So just a lot of great history.

And then also in 1946, Conrad Hilton bought the Walter Astoria in New York. And it was a hotel he always wanted to buy and always felt he needed to own. It was probably the golden ring in the hotel business at that time. And he always said, the Waldorf Astoria, the absolute greatest of them all. And I think what's exciting today is the Waldorf Astoria just closed about a year ago and is undergoing a major renovation to really become our flagship hotel again.

So let's talk a little bit-- you know, we're about 100 years old. May will be our 100th anniversary. And think about how much has changed in the last 100 years. I mean, think about it. I look back-- when I started my business-- or I started in business. After I graduated from college, no cellphones, no laptops. I remember it was a big deal if you carried a pager. And 100

years ago, only 7% of the population even owned a car. And today, we have self-driving cars. And frankly, we have cars in space today. It's a different world.

But one of the things about Hilton is we we've always been on the edge of innovation. When we built hotels, we were the first hotels to offer air conditioning, the first hotels with TVs in guest rooms, first hotels with high speed elevators. We created the first reservation system, central reservation system and pioneered the first airport hotels. So we look back at the things that we did back then, and they're such a part of today. I mean, you can't imagine a hotel without air conditioning today. You really can't.

And I think what's interesting is, if you think about it, how many companies do you know that have been around 100 years and are still really healthy? And then think about your careers and what's going to change over your lifetime by the time you're done working. I mean, I still remember a day when there was no computer system at the front desk, or no point system, sale system in any of our restaurants. It's just a different world today.

But as I talk a little bit about innovation and how it's always been part of who we are, innovations it's in our DNA as a company, and it's one thing we stay very, very focused on. And I will tell you that today, we're very focused still on a number of innovation components. So innovation is what we're about. And I will tell you that today, innovation is probably one of our core principles that we live by.

And we know we're not a technology company. We're a hospitality company. But we know that we've got to be great at technology. And being great at technology allows us to innovate.

And I will tell you that today, we're at the cusp of launching what we call Connected Room. And Connected Room is to give you all the convenience you need right at your cellphone. And who carries a cellphone today? Everybody.

And let me ask. Who has the Hilton app? Well, a lot of people do. Great. Well, if you don't have it, you should download it because today, today, you can use your phone, you can choose a room. Once you chose your room-- or you can choose a hotel. Once you've chosen your hotel, you can go look and decide what room you want. Once you've picked out your room, you can check yourself in. And then your phone becomes your key. You don't have to go to the front desk anymore, which we're excited about because it's going to allow us to deliver better hospitality. And I'll talk a little bit about that later.

But as we develop innovation, what we're focused on is really innovations to drive guest convenience and improve the guest stay. So we've got our Hilton app. And then inside our Hilton app in a few months is going to be Connected Room.

And the great thing about Hilton is we can roll this out at scale. And when we talk about Connected Room, now, on your app, you'll be able to set the temperature of your guestroom prior to your arrival. You'll be able to set the lighting. You'll be able to actually choose what you watch and put it on the TV. So if you're a big Hulu fan, or if you're a big Netflix fan, you can go ahead and put all that on. You just stream it right from your phone.

So we're very, very focused on innovation. We continue to work on what we call Five Feet to Fitness. And it's a fabulous fitness center in guest rooms. It really is a great growth in our business. It really is.

So speaking of growth-- I'm going to put my cellphone back away. You know, today, at Hilton, we're adding a hotel a day. Now, that's a big number. It really is. And last year, we created 23,000 jobs in our industry.

And as we look at our growth, one of the things we're proud of is that we're a global company. And we just opened our 100th hotel in China. We just opened our 200th hotel in Asia-Pacific. We just opened our 100th hotel in South America, the Hilton Copacabana Beach. And we just opened for our 500th training hotel in Asia-- I'm sorry, in Africa and in Saudi Arabia.

And we're very focused on our growth as a company in luxury and resorts. And we see that as a key growth component for us. And we're very focused on using our balance sheet to continue that growth.

The other area that we have grown in is our Hilton Honors. And can I ask, who's a Hilton Honors member? Great. And for those students who haven't joined Hilton Honors yet, you should join. It's just a great way to keep up with the industry. And we have 71 million members today. And we're trying to take that number to 250 million members today.

So I want to talk about our purpose. And when I think about what our company is about, it's not just being a hospitality company. Conrad Hilton, when he started Hilton Hotels, he really believed that the hotel business could help change the world, and spread the light and warmth of hospitality across the globe, and help us all understand each other a little bit better. So I'd like to just play a quick video if I could. And then I'll talk a little bit more about purpose.

[VIDEO PLAYBACK]

[MUSIC PLAYING]

- Purpose, our purpose is what motivates us all and allows us to have a positive impact all around the world. So when a customer looks at us, they don't think about us as a lodging company. They don't think about us as a hotel made of concrete and steel. Instead, what we want them to think about is about the light and warmth of our people and the truly exceptional experiences that they have with us.

(SINGING) Shine the light. Shine the light. We'll see we are all beautiful. Yeah, we'll shine so bright we'll see this world can be beautiful.

- We have a purpose. And that purpose is people-oriented. It is reaching out and making memories. We don't just see check-ins. We see people. We don't see guests. We see friends.

- I want to create those memorable experiences for them.

- And it's not just earning money. It's making the people happy and earning guests because if I see a guest smile, that makes my day.

- It's all part of that vision and that sense of purpose that we are there to set the standard of what hospitality means in this business. And people are going to experience that through us first.

- We have the power to put joy into people's hearts. We do. We have joy of happiness. Not everybody has that opportunity to give you joy and happiness. That's not their business. But it is our business.

- We are Hilton. We are hospitality. And it doesn't end at the doors of a hotel. It doesn't end when I walk out of here at the end of the day. I think it's part of the way in which you live.

- It's incredible to see where we're going. The growth is phenomenal.

(SINGING) Shine the light. Shine the light. We'll see we are all beautiful.

- It's because of each of you and your teams that we're able to really positively impact-- and think about this-- hundreds of millions of people around the world every year. I think it's pretty darn clear we are the best hospitality company and the most hospitable company in the world.

- We are revolutionizing the face of hospitality. And I think if Conrad Hilton could see Hilton today, he would be so proud of the company we are.

(SINGING) This world can be beautiful.

- And I think if Conrad Hilton could see Hilton today, he would be so proud of the company we are.

(SINGING) This world can be beautiful.

[END PLAYBACK]

**JOE BERGER:** Well, that was Chris Nassetta, our chief executive officer.

And we talk about Hilton being a global company. We have 370,000 employees in our company. And we've talked a little bit about the growth and the size of the company.

But you know, living her purpose is what's important to us as a company. And our purpose is really being the best hospitality company in the world. There's two parts of that. One is taking great care of our team members. And one is taking great care of our guests.

And you know, you talk a lot about service in the hotel school. Service is kind of the technical part of our jobs. It's the sequence of services, of how we deliver service to our guests.

But what we're focused on as a company, and we want all of our 370,000 employees to live and breathe, is hospitality. That's our purpose. And hospitality is not the service, as I said. It's about how we make our guests feel.

And when we think about hospitality, it's kind of hard to describe. So a lot of times I'll use Danny Meyer, who a famous restaurateur in this business. He has a great definition of hospitality. And I love to use it. And really, when you think about it, think about when you're going to your grandmother's for Thanksgiving, and if you're not an American, when you're going to your family's for a special event.

But let's think about Thanksgiving. Your grandmother spends weeks getting ready. She's prepping. She's thinking about all the things that she can do to make you feel loved, warmed, welcome. And you're going to have a good time. And she does a lot of prep. And then when you get there, it's that big hug, and that excitement about how she makes you feel. And everything she put into a great Thanksgiving Day and dinner, she put a lot of love into it.

That's hospitality. It's about how we connect with our guests. And that's our purpose as a company. And we want all of our team members delivering hospitality. And we focus on it.

But part of delivering hospitality as a company is we've got to take great care of our people. And it's a big focus of ours. We want all of our team members to be valued. We want them to be cared for. And we want them to have a voice. And frankly, having a voice is a big part of the innovation we've seen as a company because our team members tell us as much about what we need to do as our guests. So that's a little bit about our purpose and who we are as a company.

And I talked a little bit about how we want to make sure we're really taking care of our team members. And I'll just share with you a little bit of some of the accolades we've gotten. If we could forward that one, that would be great. There we go.

So I talked about taking care of our team members. And I'd like to just talk to you a little bit about some of the awards we got. Probably one of the ones we're most proud of is Great Places to Work. We're always one of the top companies in Great Places to Work. And that just is a reflection of how we take care of our team members.

And diversity is really important to us as a company. We want to be a diverse company. We get a better voice, a better vision, and we're a much healthier company when we're diverse. So that's something we're really working on. It's something that's very important to us as a company.

We're always in the Fortune 500 list. And I'll tell you, we were voted one of the best companies for veterans. You know, our veterans have sacrificed a lot. And we've committed to hiring 20,000 veterans in the next few years. We've already hired 10,000 veterans. And we're trying to make an opportunity for another 10,000 more. So that's a little bit about who we are as a company.

And at the top, you can see here, it says, thrive at Hilton. Thriving is important to us. And thriving is about how we take care of ourselves. And if we don't take good care of ourselves, we can't take good care of our guests. And we're very focused on making sure that we have the tools and the opportunity to take care of ourselves. So it's everything from sabbaticals to a lot of training on how we take care of ourselves and how we take care of our team members. So let's advance that.

So we've talked about Hilton. I'd like to talk a little bit about careers in the hotel business. I think you guys have-- or the hospitality business. You guys have chosen a great career. It's a career that I've had great passion for. And it's an industry, I think, that you can really kind of become anything you want to be, and go in almost any direction of hospitality you want to be in. I don't think there's a lot of companies or industries that really would allow you to do that.

It's a great place to start. And it's a great place to really live your passion. And I know that everybody here is interested in the hospitality business. And there are so many different components of the hospitality business and so many different areas you can take yourself into, really, the sky's the limit. It really is. Let's advance that one more time.

So I want to talk a little bit about what you guys should be focused on in school and what's important today in the business world. And I can tell you, you only get one shot at school. And you really should be focused on developing your skills. And the great thing about a hospitality degree is that you're getting skills that you're going to use the rest of your career. And sometimes classes may not feel all that important. But I can tell you today, I lean back on business law classes I've taken, hospitality classes I've taken. And I want to talk a little bit about what you should focus on.

One of the things you should focus on in school is let's make sure you're really developing your critical thinking and analytic skills. So a lot of times, you're working on projects. They're for a reason because you should be focused on your critical thinking and analytic skills. I can't tell you how much you're going to use them every day, day in and day out.

And really work on your hospitality skills. You know, I think sometimes, for us, because you have a passion for this business, hospitality kind of strikes you as eh, it's common sense. But it's not common sense. It really isn't. Hospitality skills are about great training and great intuition. And it's something you develop over time. And think about when you go have a great hospitality experience. Just think about how complicated it was and how much different it was than the average experience you got. A lot goes into it. And this is your one chance in school to really start sharpening those skills and building a great foundation for hospitality schools.

And here's one. Take some real estate courses. And I know that they would be electives. But take a few real estate courses because I will tell you today, particularly in the hotel business is owned by institutional investment companies. So whether it's private equity, banks, they're big businesses. And they're run by-- when I say institutional, they're run by financial institution companies. And frankly, hotels and restaurants today are real estate class. They're a section of the real estate business. And you got to know how to speak that language and know what's important in that sector of the business.

So that's not the soft stuff. Sometimes we talk a lot about soft stuff, hospitality skills. But the real estate side is kind of the hard stuff. And really, if you have an opportunity to take a few electives in real estate, you should do it.

And your financial courses are just as important. You know, hotels and restaurants and the hospitality business, they're a business. And you've got to know how to run them profitably. And the more profitably you can run them, the more successful you're going to be. So those

accounting courses and financial courses that you go through and those economic courses, they're important.

And I'm still amazed today at how often I look back at my time at school and how I still use all those pieces I learned. And you wouldn't think so, after 40 years, or 42 years, but I still use them today.

OK, public speaking, it's really important. It really is. Almost from the day you begin your job, you've got to develop your public speaking skills. And it gets more important as you go.

And you know, I will tell you that you think today that I'm going to start in a few years in my first job, and well, how important public speaking will be? But what we forget is one of the most important components of being a good manager today is being able to train. And training correctly is really about public speaking. And as you advance in your career, public speaking gets more and more important as you go and you do more and more of it. So work at getting comfortable with it. If you can take a public speaking course, you should take it and continue to work at it.

So those are a few things that you should work on while you're in school. And now, I want to talk a little bit about your first job and a little bit about your career in the hospitality world. And one is, hey, be really good at your first job. Well, be really good at all your jobs. But sometimes the first job you get isn't quite what you wanted. And sometimes the first job or two you get, they're hard, and they're-- you know, you kind of grind through them. But work hard at being good at it because it sets you up for the next job. And I'm going to come back to that.

Next is get diverse experience. I think we're all in a hurry to be the boss. And being the boss is important. It's fun. But getting there quickly maybe isn't the best way and the quickest way to do it or the most successful way to do it. Getting there with a diverse background is really important. And as I look across our organization and I look to make promotions, a lot of times it's the diverse background that is the important component of getting the next job.

So if you have a passion for the room side of the business, get some food and beverage experience. If you love food and beverage, make sure you're getting rooms experience. Make sure you're working in housekeeping. Make sure you're working in the kitchen. Get an opportunity to work in sales. It's really important.

And sometimes, we're all in a hurry. And I'll give you a perfect example. I was the area manager for Westin in the Northeast. And I kind of took a step back in my career to run the St. Francis because I knew in the long run of my career I had to run 1,000-room hotel. And I felt like it might've slowed me down for a couple of years. But sometimes when you slow down, you really speed up.

So really think about making sure you're planning your career. I can tell you there's one person in charge of your career, and that's you. And you should really be thoughtful.

I tell my kids this all the time-- be a sponge. When you first start working, there's an awful lot to learn. And it's all coming at you. But try to learn something every day, and learn something in

other departments, learn about managing, learn about finance. Be a sponge because the more of a sponge you are, frankly, the more experience you get.

And that kind of falls in being an expert in your field. You know, if you're in food and beverage, if you're running a restaurant, be the best at it. Be an expert at it. It's really important. And I'll tell you why. Because you got to know the answer. And as you get promoted, and as you go further in your career, frankly, you get more and more busy, and it gets harder and harder. And you need to know the answer. And the only way to know the answer is being a sponge and really, really understanding your business and getting into the details because you'll run across things that nobody can solve and you're going to know the answer because you've been there before.

OK, learning to build great teams and manage people-- the one thing that'll never change in the hospitality business, no matter all the innovation we see, is we're a people business. We're a business that only gets delivered by people. And you've got to get good at managing people.

And I'll tell you, managing people is hard. And it's something you've got to work at. And I still remember how hard it was for me to coach and counsel my first couple of team members. I was so nervous. I was in a cold sweat. I didn't know what to do.

And you got to get good at it. And you got to get good at coaching your teams, training your teams, making sure your teams are energized because when they're energized, they're taking great care of your customer and great care of your business. But 70% of our cost in the hospitality business is people. And if that's the case, that's the area you're really, really got to work and be good at.

And see the big picture. You know, sometimes we all get frustrated by decisions made by the boss or the corporation of the company. And I would tell you, don't be afraid to ask why. And the harder you learn to understand the big picture, the better you can deliver, and the faster your career is going to go.

And I hate this word "they." They decided that. One of my missions in our company is to take the word "they" out of our vocabulary.

So don't be shy about asking why and explain this to me because I love when our team does that. And once you understand why we've made a decision, or the direction the company is going in, or why your department head made a decision, it makes sense a lot of times, and then you can really deliver.

OK, relationships are important. Now, I want everybody to take a minute and look around the room. Now, I can't see very well. But look around the room a little bit. OK? I don't see everyone looking around the room.

And this is your team. This is your class. These are the Cougs. And you are going to start your career with this class. And you're going to end your career. You know, Stan Boyd and I, you know we knew each other 32 years ago.

I mean, it's amazing, as big as this industry is, you start your career, and you work with each other your whole career. And you're going to start your career with a team at a hotel or a restaurant or somewhere else in the hospitality business. And you're going to finish with each other.

So be kind to each other. Take care of each other. Watch out for each other. Because one of the fun parts about this industry is we're all in this together, and we start together, and we see each other through our whole careers.

So listen, that's Hilton. We're hospitality. I told you a little bit about myself. I told you a little bit about Hilton and talked a little bit about what you can look for in your first career.

I'd like, if we could, have a few minutes for questions? And I'll open it up for questions. I'm having trouble seeing because of the lights. But maybe somebody could help. And you know, you can ask me anything. I think our team from-- we have a number of Hilton team members here today. And thanks for coming out. I really appreciate it, but they know that. Yes.

**AUDIENCE:** How do you [INAUDIBLE]?

**JOE BERGER:** Yep. Great question. And I'll summarize this a little bit. So with all this innovation, one being direct to room, how do we see that changing the front desk? And I'm excited about it. I really am.

One of the problems with the hotel business is, when we're checking somebody in, all we can do is focus on the computer. And we don't have a chance to really touch our guests, interact with our guests. And our goal is to hopefully get our team members out from behind the front desk and really interacting with our guests because our purpose is hospitality. And every chance we can do-- and that's why we innovate is to increase hospitality. Every opportunity we can, we look to improve that.

So it's going to change the front desk. And maybe there's a day where front desk, bell, door, all those things are-- maybe they look a little different and they're all interrelated. And maybe when our customers arrive, they're arriving to our living room. And it'll be a little different. Yeah, but I think it'll be much more rewarding. That's a good question.

**NANCY SWANGER:** Hi, Joe. Just a reminder to our students. We actually need you to come down to the microphone when you ask your questions because all of your fellow students that are watching on the live stream can't hear you if it doesn't go through the microphone. So we've got one here, and one over there. Thank you.

**AUDIENCE:** Where do you see the hospitality industry going within the next 20 years, or the next 100?

**JOE BERGER:** Well, you know, that's an interesting question. But you know, I look at the hospitality 100 years ago, and I look at it today, and it looks so different. And I don't know what that looks like really.

I know that it's going to be a lot more convenient. And I think one thing about the hospitality business is the hospitality-- let's think about travel. It's inconvenient. It's uncertain. It's uncomfortable. It's hard. And that's why it's so important when we get our guests to our hotels or our restaurants, we want to take great care of them.

But maybe over the next 100 years, those three things get a lot easier, a lot better. I look how the business has changed since I started in it. And it'll change again. And we just got to change with it.

I will tell you that when you look at the demographics of the world, travel is going to get more and more important and bigger and bigger. So I will tell you that the industry is going to keep growing. And today, the customer wants experiences, and that's a focus of where we're all going. It will be interesting what the customer wants 100 years from now. So I hope that answered your question. OK, great.

**AUDIENCE:** So my question for you is, you talked about Hilton's purpose. What is your personal purpose and keeps you driving and your own goals? So what is your purpose overall?

**JOE BERGER:** My purpose. My purpose, my real focus is taking care of our team members. And I know that when we take care of our team members, our team members take care of our guests and we have great success. So I will tell you, I spend most of my time really building our culture and focusing on our culture so that we're taking care of our team members.

And remember, the hotel business is hard. Nobody chooses to be a steward. Nobody chooses to be a housekeeper. It's really because they have to be. And I think, when you think about it that way, we have a responsibility to really create a great place for people to work at and a place where, really, they feel valued and cared for. They have a voice. And when you do those three things, you'll be surprised what you get.

I love touring our hotels that are really good at it because I got to tell you, our teams are so energized. It makes me feel good.

And you know, part of caring for team members is taking care of the communities they live in. And that's part of our purpose as a company when we think about hospitality is-- the nice thing about our business is, our hotels or restaurants, you're part of the fabric of the community you're in, and really part of the fabric. I mean, you're part of that community. And we want to make sure we're giving back in our industry, and particularly, where it's important to our team members. So thank you for that question.

**AUDIENCE:** Hi. I have a little bit of a question. So I have a really big passion in hospitality industry. But a lot of times, the chance that I have is a lot less than my friend who has his parents working in the hospitality. And they already have a lot of connections. So how do I outstand people with connections already when I don't have one?

**JOE BERGER:** Well, I think what's wonderful about this businesses is you can rise through this business just by being good at your job. And I talked about a number of things. You know, one as being a sponge, being curious, really being good at your job.

I lead personally 70,000 employees. I'm looking for those traits everyday. And I'm looking to promote those traits. And I can tell you, you will rise quickly and have great opportunity. You don't need connections. You just got to do great.

And you don't realize what you're learning in hotel school. You don't. You're going to need it all. So stay focused on your classes. And it takes care of itself, I promise. I promise.

**AUDIENCE:** Hi. What disruptive technologies are you most excited for?

**JOE BERGER:** Well, I'll answer that a little different. That's an interesting question. I'll answer it two ways. One is-- I'll tell you what I'm worried about first. I worry about, in our industry, the third party travel agencies. And I worry about, like, the third party group agencies because they're getting in the middle of our customer. And rather than us having a direct connection with our guests, they're in the middle of it.

And the third parties are very important to us. They're an important distribution channel. I think we need to manage them. And I find them somewhat of a disruptive technology. They're really convenient to book through.

And I talked a little bit ago about, we have 71 million Honors members. And this will get to the part that I'm excited about. We have 71 million Honors members, who really have some loyalty to the Hilton brand. We want to grow that to 250 million pretty quick. Now, we're a global company. That should be a good number for us.

But by doing that, we'd like to build a little ecosystem around our Honors members. And building that ecosystem kind of puts a force field around all these disruptive technologies. And we want to make Hilton Honors a club. We want--

You get immediate benefits. You get by far the best pricing. You get free internet. You can use your points now to go on Amazon. Soon, you'll be able to buy a beer in the bar, or a massage. And the disruptive part, I think, that we're excited about is standing up a data science team around that and helping us really talk to our customer directly, and in a good way, and really what they need.

So we're looking at a lot of disrupt-- they're not disruptors to us, but they're new technologies. And as we create more and more convenience for our guests, I think that builds another cocoon around them. Thank you.

**AUDIENCE:** Hi. So in your specific opinion, what would you say is, like, to take back from students growing in the hospitality industry that we should remember on a day-to-day basis that's going to help us succeed?

**JOE BERGER:** I would tell you-- I'm going to go back to taking care of your team members. So it's a people business. 70% of the cost of running the business is people. And if that's the case, I would tell you-- the last thing you should think about at night before you go to bed is, how do I take great care of my team? And the first thing you should think about in the morning is, how to take great care of my team?

And it's hard because the hotel business goes 24 hours a day, seven days a week, 365 days a year. We don't stop. And nurturing a team, nurturing a culture takes a lot of effort. It takes a lot of thought. And frankly, you know, sometimes it takes a lot of patience. It can be frustrating. But it's the one thing that I would say you've got to really focus on.

**AUDIENCE:** Hi. First, I want to thank you for coming today.

**JOE BERGER:** Well, thanks for the invite.

**AUDIENCE:** So for those of us who've worked in the hospitality industry already, we know that there are long hours and a lot of labor most times. So what I want to know is, what sacrifices did you have to make for you and your family to get to the position you are in today?

**JOE BERGER:** Oh, that's a good question. Well, I will tell you, I worked a lot of long hours. And I will tell you that if I had to do it over again, I don't think I'd work as long hours as I did. I don't think we can be super productive past 10 hours a day.

And when you heard me talk a little bit about thrive, that's a big focus of ours. We want our managers and our team members to really have the tools to come back to work rejuvenated.

And I will tell you that I ran a company, Luxury Resorts. And over that time frame, I missed my kids whole high school career. And I wish I could get it back and be a little smarter about that.

So I don't think we really need to work long hours. I don't know how productive we are when it's a really long days. Now, there's days you've got to do it. But I think we've got to be better about that as an industry. And I think we're getting way better about that as an industry.

You know, I look back when I started, I worked all the time. And I talked to my kids, who were your age. They're not so interested in that anymore. They really want to enjoy themselves when they're not working.

So I think it's something we have to work on in industry. It's something we're working on as a hotel company. And you should be able to do both, really.

**AUDIENCE:** Hi there. So you mentioned earlier that you really are passionate about taking care of your employees, and you believe that that's a really big part about making the community successful where the hotel is stationed. So my question is, what charitable programs do you have that you're really passionate about that help the communities which the hotels are in be better for everyone who lives there, not just those who are patrons of the hotel? Luxury or economy.

**JOE BERGER:** Right. So each of our hotels gives back to the community themselves. So we have a week of service that's mandatory for every hotel.

But I will tell you, our hotels all have a charity. And we like that charity-- it's not for our customers. It's for our team members. And it's for the neighborhoods they live in, or the neighborhoods they interact in, or the neighborhoods we're in. And I will tell you, it gives our

team members a lot of pride to be a part of that. So that's where we focus that effort. And as I said earlier, it's a big part of our purpose.

**AUDIENCE:** Thank you.

**JOE BERGER:** Thanks.

**AUDIENCE:** Good afternoon. My name is [INAUDIBLE]. Thank you for coming today. My question, I've noticed that you've changed your career path quite times. And you've been with other companies. What kind of cultures that you found yourself within Hilton and Hilton Hotels & Resorts? And how does taking place internationally?

**JOE BERGER:** Say that last part again. I couldn't quite hear it.

**AUDIENCE:** How do you take that Hilton culture internationally?

**JOE BERGER:** Oh, OK, so how do we take that Hilton culture internationally? I think I would say that it's something we talk about all the time. I've talked about it enough. And we measure it. And we're pretty focused on making sure as we measure our team member satisfaction that we're delivering. And if you're not delivering globally, it doesn't matter where you are, you can't stay. That's how important it is. It really is.

**AUDIENCE:** Thank you.

**JOE BERGER:** Yes.

**AUDIENCE:** Hi there. So with our generation, we are like the true Guinea pigs of all this new technology. So my question is, with all the new innovations and technology, do you think that will take away from the hospitality, between person to person?

**JOE BERGER:** Yes, yeah. And that's one thing we have to be careful of. Does innovation take away from our ability to touch our guests? And I would tell you that that's our guiding purpose is we don't want it to.

Now, I will tell you, with our direct to room, you know, where your phone becomes a key, I come in and I stay at the McLean Hilton quite often on Sunday nights. And you know, it's been a long day. I may have been out. I don't want to see anybody at the front desk. I go right to my room, and I use my phone as a key.

So convenience is important too. So part of technology is delivering the convenience our guests want. And that's how we innovate. But also, as we innovate, how do we improve hospitality? So we do both at the same time.

**NANCY SWANGER:** Hi, this is from Nitsy. She's watching via live stream.

**JOE BERGER:** Oh, great.

**NANCY SWANGER:** Besides real estate classes, what else would you suggest to prepare for a career in hospitality?

**JOE BERGER:** OK, so what, besides a few real estate classes, what we should prepare for a career in hospitality. Well, I will tell you, you're getting a great education in hospitality. So I would say on the components that are going to enhance your hospitality degree would be, make sure-- I'd take a couple accounting courses. I keep going back to this finance thing because it's a business. And we've got to be good at the business as well as running hotels. And maybe that's the one thing I'd do is accounting courses and a few finance courses. And some of those, you'll have to do through electives, and some are part of your core curriculum.

**AUDIENCE:** Hi. So once again, thank you for coming today. And I have a question that, like-- what help you not to lose your passion in this industry?

**JOE BERGER:** How do I not-- how do I not lose my passion in this industry? Two things. One is, when I go to hotels, our teams are energized. And that gives me energy. And I get excited about that. And two is, I love the food and beverage side of the business. I love to see what's new.

And the fun thing about our business is you see new things everywhere you go. It doesn't matter where you go. You see new restaurant concepts. You see new bar concepts. You see hotels that do things great. And those things, you all-- just kind of talk about being a sponge. And I see them, as we all should do, and look for ways to implement them. I just think that's the fun part of the business. I get so excited about seeing new things. And they can be little things, big things. But that's what keeps me going. It really does.

**AUDIENCE:** I have a question.

**JOE BERGER:** Sure.

**AUDIENCE:** So a lot of these students are going to a career fair today. And so what are some of the attributes that you look for in students to come on board with your organization that might not have a career path because they're new?

**JOE BERGER:** Because they're new.

**AUDIENCE:** Yeah.

**JOE BERGER:** That is a good question because not everybody gets experience. And in the summertime, it'd be great to work in the industry. Do we require time in the industry, which is a good thing.

**NANCY SWANGER:** 1,000, yeah.

**JOE BERGER:** How many?

**NANCY SWANGER:** 1,000 [? paid hours ?] [INAUDIBLE].

**JOE BERGER:** Wow, that's great. That doesn't leave much play time.

[LAUGHS]

I think when you go to a career fair, I think you got to know a little bit about the company you're talking to. And some of them are maybe not big companies, but smaller companies.

But the other thing is just being really interested. And a lot of companies are here to sell themselves. I'm doing a little bit of that today. And just be interested. Yeah. So did you have a question?

**AUDIENCE:** Hi. I was wondering-- do you think the class of hotels for the real estate business is still a growing business?

**JOE BERGER:** Yes, I do. So everybody couldn't quite hear that. Is the hotel business as a real estate business continuing to grow? It's growing. It's still growing. The full service business is growing a little slower in the United States. We're seeing growth in most parts of the world in the full service business. But so is the focus service business. It's continuing to grow.

We had a question earlier about what does the future look like. And I think the future could be exciting. I think that the great thing about our business is that it will continue to morph.

One of the things we were looking at is we were looking at the hostel business. I don't know. Who travels to a youth hostel? Let's-- so a good count of us. Youth hostels have changed. And today, that the top of the building's still the same, but the bottom of the building has great programming, and you feel good in the space, and there's great food and beverage, and there's programmed activities.

And do you take a piece of that and maybe put a hotel to it? But maybe the hotel looks a little different? Maybe it's not a hostel, but it's not a hotel. And maybe there's some big opportunity there.

So those things in our business are going to continue to morph because customers taste change in what they want change. And as the year goes by, it'll continue to change. It's a fun business to be in right now. It really is.

**NANCY SWANGER:** I have another one from online. How have you been able to pick yourself back up, like, after a bad day in the hotel and get your morale back, and you're back to your employees?

**JOE BERGER:** So if I've had a bad day, how do I pick myself back up? Well, a couple things. One is, we're big on what we call thrive. And one of the things I do is I do a gratitude journal every day. And I try to meditate at least once a day, sometimes twice a day.

But the thing that gives me-- after I've had a bad day, what gives me energy is just being in our hotels. And you know, I will tell you, visiting with our housekeepers, and visiting with our stewards, who, in my mind, today are living the American dream, and sitting down with the housekeeper who is working 40 hours a week, has been doing it, and putting a kid through college, I mean, how do you have a bad day? You know?

We're in a great industry that does great things for people. And that's what picks me up.

**JENNY KIM:** The question that I have-- well, I'm Jenny Kim, one of the faculty members here.

**JOE BERGER:** Oh, hi, Jenny.

**JENNY KIM:** Thank you for coming. But OK, let me go into my question very briefly, quickly. The question I have-- I believe yes, hotel industry is growing. It has a good future. But at the same time, we have, like, a shared economy concept, a lot of those Airbnb and all that. I've noticed that people use those kind of accommodations a lot. So I think it's going to be a big threat down the road in the future.

So does Hilton, Hiltons and all the other large hotel companies, are they prepared for that? And how are you envisioning what's going to be happening?

**JOE BERGER:** Oh, that is a really good question. You know, Airbnb, it's gotten a lot of press. I'm going to ask again. Who's stayed in an Airbnb? Oh, my god. [LAUGHS]

I've got to try. I haven't tried it yet.

That is a really good question. I would call it a bit of a disruptor. We don't see it really in our space. It is and it isn't.

But I will tell you, the world's a [? soup ?]. The sharing economy is part of who we are today. It's not going away. And we wish one thing about Airbnb. We wish they would just stay in their swim lane. And we wish they would just stay Airbnb. But you know, now, they're getting into the legal hotel space, and they have super hosts, and they're really getting out of their space, which I think is too bad.

But Airbnb, I think it's a good thing for leisure travelers. And I think it makes the hotel business better. I think it's one of the big reasons that-- I talked a little bit about our focus on Hilton Honors, and building that cocoon around our customers, and really having service and experiences that Airbnb can't give you. And we're building brands to kind of compete with Airbnb. And we'll probably launch one of those in June.

But I think it's good for our industry. We want them to stay in their swim lane.

And I would just tell you, when you're really looking for service and convenience, you're going to default to the hotel business. I think younger travelers tend to really like Airbnb.

I'll tell you a quick story. My kids called me one day. They live together. And they said, hey, Dad, can you help us? Can you help us get rooms at the La Quinta resort? We need, like, eight rooms. I said, what, are you crazy? You're not staying at La Quinta. Call Airbnb. [LAUGHS]

So they got it figured out. There was a big group of them. One makes the reservation, and then they're barred from Airbnb. Then the next one makes the reservation, and they're barred from Airbnb.

But no, I think Airbnb has its place. I think it's for a different kind of traveler. And when you're traveling on business and with families, and leisure is not quite so-- you know, we offer a different service. And we're building ourselves to kind of cocoon our customers so that you'd want to be at a Hilton Hotel, which any of our 14 brands, than rather staying at an Airbnb.

But let's face it. There's times when people enjoy an Airbnb. But we see it as something we're trying to figure out. Well, Dean, thank you.

[APPLAUSE]

Thank you.

[MUSIC PLAYING]