

Cruise Industry Insider: Making Waves with Lisa Lutoff-Perlo

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Roger Dooley [00:00:05]:

Welcome to Brainfluence. I'm Roger Dooley. If you're a regular listener or viewer, you know I think a lot about cruising. In my book Friction, I attribute the growth of the cruise industry to its mostly effortless customer experience, at least compared to other ways to experience multiple destinations. Today I'm excited to have Lisa Lutoff Perlo on the show today. Lisa is vice Chairman of External affairs at Royal Caribbean Group and was previously CEO of Celebrity Cruises. Lisa has a fantastic story. Starting as a low level salesperson and rising through the ranks all the way to CEO.

Roger Dooley [00:00:37]:

While she was CEO, she oversaw the building of dramatically different ships and much, much more. I could keep going, but instead I'll just say welcome to the show, Lisa.

Lisa Lutoff-Perlo [00:00:46]:

Hello, Roger. It's a pleasure to be here with you today.

Roger Dooley [00:00:50]:

Yeah, Lisa, before the pandemic shut down cruising, the cruise lines seem to be doing very well in general financially. There were lots of they're busy, profitable. And then suddenly Covid came along and I would guess there was no other industry on the planet that I can think of, at least that was impacted as severely as cruising. Now cruises are coming back. See good things about booking rates and whatnot. Is there still a hole that cruise lines have to dig out of?

Lisa Lutoff-Perlo [00:01:19]:

Well, no, I really believe the industry is back to pre-pandemic levels in terms actually better than pre pandemic levels. If you listen to the earnings calls of all the cruise lines right now the business is unbelievably robust. The demand is very strong. The pricing power is also very strong. And I think right now, though, the industry was shut down for 15 months. So you know that there is a lot that the industry has to pay back relative to the money they borrowed, we all borrowed to stay afloat, if you will. I know that's a bad pun, but it's very appropriate. So no, business is terrific.

Roger Dooley [00:02:01]:

Lisa, I really enjoyed your book Making Waves. That tells your story. Before I get into that, I want to ask just a few general questions about cruising that I think might interest our audience. And one of those is technology. You know, we're seeing technology affects so many areas. I wrote about the ocean medallion system at Princess, but I'm curious, where do you see technology going as impacting the customer experience in cruising?

Lisa Lutoff-Perlo [00:02:34]:

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Well, I think technology just in the cruise industry and in our company, just like everywhere, is really exploring floating. The use of technology to improve the guest experience, to make things more seamless, to make things easier for our guests, whether it's booking the cruise, whether it's Booking all of the things they want to do when they're on the cruise, whether it's communicating with their stateroom attendant when they're on board. You know, Celebrity was the first cruise line to use stateroom automation where just at the touch of a button, you could open the shades and shut off the lights and turn on the televisions. And of course, the pre cruise experience through digital technology, through our websites, through all of our digital channels, including how we even market has really improved dramatically, not only pre Covid but even post Covid now you even don't have to go to the mustard stations on board. You do your mustard drills through technology. So it's, you know, it's really what I have seen over the last five or six years is really tremendous in terms of how technology is being used to enhance the guest experience and the adoption by our guests. Regardless of age. Everybody thought maybe different ages would engage with the technology differently, but it's not true.

Lisa Lutoff-Perlo [00:03:53]:

Everybody is using the technology to its fullest capabilities.

Roger Dooley [00:03:57]:

Pricing is an interesting topic that has a lot of psychology attached to it. One of the concepts that we hear about is what's called the pain of paying. That is when people have to pay something, it hurts a little bit. And it's been suggested that perhaps sushi pricing is the worst. When you go to a sushi restaurant and basically every bite you have to make a financial commitment for that bite of food. And it seems like cruising is sort of in the middle of a change. In the past, there was an expectation that people would buy a lot of drinks, buy a lot of other stuff on board, which adds to the overall profitability of the cruise. Now there's an emphasis on packages which basically roll all that in so you don't have that sort of pain of paying with every time you buy a cocktail or something of that nature or a coffee.

Roger Dooley [00:04:50]:

Now, you know how, how do you see this balancing out? Because then you all with the packages, you also see complaints about, well, gee, I wanted this part of the package, but I didn't want that other part. You know, I want the WI fi, but I don't drink alcohol. So that that other part doesn't interest me and I'm being forced into it. How do you balance all that in setting those prices and sort of steering customers toward one way of going or the other?

Lisa Lutoff-Perlo [00:05:15]:

Yeah, I think, you know, I'm. I stepped down from my role at celebrity about 10 months ago, but I do remember very well how we thought about pricing for our cruises. And I think that we were in the Affluent traveler space. We selected Celebrity still is in the affluent traveler space. And we really did

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what our customers wanted. And our customers wanted things to be included in the cruise fair. So we offer that option for our guests. And there were, there are certain things that all of the guests engage in.

Lisa Lutoff-Perlo [00:05:47]:

One is drinking something, whether they drink alcohol or they don't. And you have an option of alcoholic or non alcoholic. All of our guests tip our crew. So they wanted that included before they went. And, and they also wanted WI fi because WI fi is ubiquitous. Everybody needs to use it. It's, you know, the WI fi experience on ships has dramatically improved over time. Talking about going back to that technology question, and those are the things that all of our guests said they wanted included in their cruise.

Lisa Lutoff-Perlo [00:06:15]:

So those are the things we did include. But they also have the option to not buy packaging and they can go and do everything a la carte the way they used to. So I think the thing for me is about cruising in general is it's all about choice. What do you want included? What don't you want included? Do you want to pay everything up front? Would you rather pay as you go and the customer chooses? And I think that's a, that's a really great benefit of how pricing is happening right now in the cruise industry.

Roger Dooley [00:06:46]:

It makes a lot of sense and I think it is very convenient when people don't have to, you know, keep making little, little, even small financial commitments multiple times per day. I think that takes something out of the. And you know, for many guests those packages are really going to work well. And of course there are the all inclusive lines that make that pretty much a moot point. But of course those tend to be very expensive as well.

Lisa Lutoff-Perlo [00:07:14]:

And small, small luxury brands mostly.

Roger Dooley [00:07:16]:

Yeah, yes, yes. We've had some great experiences on Regent and Oceana, but they aren't really necessarily aimed for the mass market. Lisa, in your book you talk about never having had a female boss or mentor on your way up. And that is kind of a unique thing, I guess, although maybe not unique in the industry that you were in because it's a male dominated industry. Explain how that was and how you coped with that. And also you mentioned asking for advice as being really a key part of your strategy. So explain that stuff, Lisa.

Lisa Lutoff-Perlo [00:07:56]:

Sure. I guess to your point, it's probably not a big surprise that I didn't have women mentors or bosses as I was navigating my career throughout it's almost four decades, 39 years ago. I started in the

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company 1985 door to door. My first regional sales manager was a woman, but that was only for a short period of time, four years. But in sales and marketing, there were women leaders. So I just, you know, I want to be very clear about that. I spent the first 21 years of my career in sales and marketing. There were a lot, lot of women in executive roles at that time.

Lisa Lutoff-Perlo [00:08:39]:

I just happened to have a male boss of our vice president of sales, and we had a vice president, senior vice president of sales and marketing who was also a man. And then as I transitioned into operations in 2005, again, all of the people that I worked for were men. But. And that was just the way the industry was. I didn't think anything of it. It didn't impact me. It didn't make me think any differently about being a woman. I never considered my gender throughout my entire career.

Lisa Lutoff-Perlo [00:09:11]:

It certainly didn't hold me back in any of the positions that I held. It was just that there weren't a lot of women doing these things. So I happened to be the first in many, many cases. But. And it was wonderful, you know. And in my acknowledgments, I acknowledge all of the great men that I worked with and I worked for. They believed in me. They helped me achieve all of my career aspirations.

Lisa Lutoff-Perlo [00:09:34]:

They believed I could do more at times than even I believed I could. So they put me in challenging and new roles so I could learn all the different parts of the business, which was extraordinary. And that gets to the second question you asked, Roger, where you said you asked for advice in your career. Because I believe I experienced during my career many different times where I was put in charge of areas where I was not the subject matter expert. I never had positions within those areas. Operations, predominantly hotel operations. And then I took on marine operations. And these were all new, new departments for me.

Lisa Lutoff-Perlo [00:10:13]:

And so as I was coming in to be the leader of those organizations, as you can imagine, people wondered why I was chosen. I didn't know much about the areas that was running, so obviously I was chosen for different reasons other than my subject matter expertise. But what I did realize, I was smart enough to know that I needed to ask for help by people who did know those areas of the company and could help me be successful. And I needed to admit that I didn't know what I didn't know. And by asking for help, I believe I was much more successful because people were willing to help. They were invested in my success and they wanted to see me succeed. So one of the lessons I talk about in the book, because it is a book about lessons in leadership, is that as a leader you should not look at it as a weakness to ask for help. You should look at it as a strength.

Roger Dooley [00:11:05]:

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Yeah, I would guess that kind of plays into the trust issue too. You talked about having to build trust, and I'm also very interested in trust. One way that I'm sure you did build trust was by being honest about your limitations instead of trying to fake it when you take over a new area that would destroy trust. Talk a little bit more about things that you do to build trust both in yourself and in the organization.

Lisa Lutoff-Perlo [00:11:33]:

Well, I, you know, I completely agree with you. You know, I never believed in the fake it until you make it philosophy that some people do. And so I never wanted to do that. I wanted to be very honest and say, listen, I'm here for very specific reasons and why people felt I was the right choice for this. But that is not to say that I know more than you do or that I am smarter than you. I show respect to people because of their experience, because of all they've accomplished. I never pretended that I knew more than the captains or the chief engineers or the hotel directors or our heads of food and beverage. I was very willing to admit they were the subject matter experts and they knew a lot more than I did and that I hoped they learned from me and I wanted to learn from them.

Lisa Lutoff-Perlo [00:12:19]:

And so when you have conversations like that, you're immediately establishing trust. The other thing is I always made people feel like the environment we were in were safe so that we could have open and honest conversations about the things we needed to do to accomplish the things we needed to do well and the things that we needed to improve upon and that we were all kind of in it together. And I believe that also establishes trust. And I also talk about something else in the book which is called, you know, building my credibility. And I believe building your credibility also establishes trust. And I believe you build your credibility one interaction and one conversation at a time with people. And I always remembered that. And I always wanted to make sure that every time I did something I was establishing my credibility and building credibility so that in turn I would also establish trust.

Roger Dooley [00:13:12]:

How about trust between different parts of the organization? I know that very typically in at least land based organizations, you have these departmental silos where sales and marketing don't trust each other, or sales and manufacturing have an antagonistic relationship, where manufacturing says, oh, sales guys will promise anything, and salespeople are saying, well, manufacturing can't do anything, do you run into any of these kinds of issues in your environment and if so, how did you deal with them?

Lisa Lutoff-Perlo [00:13:39]:

Well, listen, I think to your point, silos exist everywhere. They exist even within the same department. They exist interdepartmentally. But I talk a lot about leadership values and how important they are to me always, no matter what I was doing. And play as a team was always critically important to me when I was building a team and when I was leading a team, when I was managing a team and when I was holding a team accountable. Because if everyone didn't believe that we were all in it together and one

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group couldn't win unless the entire group one. I used a lot of sports analogies in leadership because I truly believe the best teams play as a team. They don't have one superstar, they don't have one person on the team that thinks they're better than the other person.

Lisa Lutoff-Perlo [00:14:30]:

They are all, they all go out there, whether it's a basketball game or a football game, as, as long as it's a team sport. And they all play to win for the betterment of the team. And you always see, when you see conflict on teams, those teams are usually, you know, not the most successful teams. When you're, you got someone saying I didn't get the ball enough and you didn't throw it enough and I didn't get enough snaps and I didn't get enough reps. And that's a person only looking out for their, for themselves, not for the betterment of the team. And so I really worked hard to break down silos. Collaboration was a must in my organization. Play as a team was a leadership value and we all held each other accountable to that value.

Roger Dooley [00:15:13]:

Lisa, you talk in the book about employee engagement and how that was a big focus of yours. I thinking that it has to be a huge challenge considering the nature of the employees of a cruise line. We've got many, many people who are on ships for a period of months for a contract. They're from all different countries around the world, have all different orientations and you know, I could go on and on but you know, everybody, it's not, it's probably, I would guess, a bigger challenge than you have in a typical land based organization where you have people who show up for work and they're all living in the same community mostly, at least until all the work from home started going on. How did you build employee engagement and how do you measure it?

Lisa Lutoff-Perlo [00:15:57]:

Well, we measure it very easily. We have surveys and we ask people a lot of questions. Ship and shore, so that we understand how people are feeling not only about the upper levels of leadership, but also their leaderships on board the ships, which is always sort of their first line of defense. Right. The people that are leading them on board. And again, if I go back to the leadership values and a lot of what I talk about in the book is culture. And the culture that you create is really critical. And I believe in trickle down culture and I believe in trickle down leadership.

Lisa Lutoff-Perlo [00:16:30]:

So it can all start with me and what my philosophy of leading people is and creating a respectful and caring and nurturing environment. But if only I believe that and practice that and everybody else doesn't, that whole idea falls apart very easily and very quickly. Because to your point, Roger, These crew members, 20,000 of them, are spread all over the world. And they need to know who I am, they need to see me, they need to hear from me. I communicate often I communicate through video. I believe that people can tell who you are, what you stand for, and the essence of who you are by

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watching you and listening to you. So I always made it a point to do that. And I did it before, during, and post Covid.

Lisa Lutoff-Perlo [00:17:14]:

You know, I was always a very visible leader. And I also talk a lot in the book about leading with smart heart and courage, and I led with a lot of heart. I wanted to make sure that everybody that worked with me knew that I genuinely cared about them. And I believe that they in turn genuinely cared about me. Me. And I believe as a leader, you get a priceless amount of discretionary effort when people know and believe you genuinely care about them and their well being and their working environment. And that came through in all of our surveys and everything our employees said about working at Celebrity, whether they worked on land or at sea.

Roger Dooley [00:17:53]:

Yeah, I guess having ships going around the world present an interesting condition because you can say these two ships are roughly identical in size. They carry the same number of passengers, more or less, same crew, and so on. But when you measure your engagement, you might find that one is significantly better than the other. Did you find stuff like that? And if so, how, how did you address it?

Lisa Lutoff-Perlo [00:18:15]:

Well, you could find different things within engagement. Usually there wasn't a tremendous amount of disparity between the ships. If you're doing your your job as the leader and you've got the right people leading on board. But certain things would pop that might be an issue or a concern. It could be specific to one shift. It could have been specific for the brand or the company. Maybe there was a policy they didn't like and we needed to look at that. But we also had a group of people in human resources that worked specifically for the brands but also worked in a central organization.

Lisa Lutoff-Perlo [00:18:53]:

So we did a lot of benchmarking, we did a lot of comparisons. We made sure one brand was doing something, we made sure that we watched it to see if other brands should, if one brand was seeing something, we made sure we looked at that so that collectively as a, as an enterprise and as an organization, we were ensuring that our crew felt engaged and happy to work on our brands and in our company. You know very well and even post Covid, it's a very competitive environment for workforce and the cruise industry is growing and there are a lot of ships coming out. So when you are, you're out looking for crew to come and work for your company, you really want to try to be the employer, employer of choice for them.

Roger Dooley [00:19:36]:

One thing that's always impressed me about cruise ships is the level of design that goes into them. In particular, I stay in a lot of land based hotels and it always amazes me. Half the time I think that the

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person designed the room probably never actually stayed in a hotel room or certainly not that one because their bathroom is nice and large, but there's no place to put your stuff. Or there's a desk, but there's no place to plug in. And all these things that really seem like very basic things that just don't happen where in my experience, the smallest cabin on a cruise ship is probably going to be very well thought out. There's probably going to be more storage space in that bathroom than there is 90% of land based hotels. There's just so much thought that goes into it. Talk about the design process for a new ship.

Roger Dooley [00:20:24]:

And then also you had some specific things going on, I guess when you took over in the middle of the final deployment of the Edge series ships.

Lisa Lutoff-Perlo [00:20:34]:

Yeah, well, you know, I think that the industry has become masters at ensuring that we maximize the space that we have for our guests. Because we all know there's a superstructure and you have to have to fit a certain number of staterooms within that superstructure. So you have a certain amount of real estate that you have to work with. And a lot of these cruises are long cruises. They go, you know, for one, two, three weeks sometimes. People are sailing around the world. So I think that the industry is masterful at hiring efficiency experts to truly understand how much space we have to work with and how we maximize that for our guests. When I was looking at the design of Celebrity Edge.

Lisa Lutoff-Perlo [00:21:17]:

I wasn't only looking for the efficiency of the space, which is critically important. And we, you know, we had our innovative feature, the Infinite Veranda, where we added the veranda space, could be inside or outside space, which increased the square footage of the space or square meters by 20% and the bathrooms became 28% larger when we went and did that innovative, transformative, infinite veranda stateroom design. But I didn't only want to look at the utilization of space, I wanted to look at the design of the space. And what we did on Celebrity Edge was transformative for the industry. It was transformative for celebrity. Hiring world renowned designers to design the inside of the ship had never been done before and all of these people had not. All of these designers had never worked on ships before. And so they really brought a level of quality, a level of ambiance and a level of style and high design that the industry had never seen before.

Lisa Lutoff-Perlo [00:22:20]:

And I really believe that Celebrity Edge series, which I was a part of, along with other, a bunch of other great people that I work with and the designers and the shipyards and the architects, a stellar, stellar group of people, was actually, it's always been my favorite part of my job designing these ships. It's really, it's really fun and, and terrific. But we really woke the industry up at Celebrity in terms of how

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they design ships and the type of designers they hire to bring in to create different environments than what ships had traditionally been thought of relative to design anyway, not efficiency, but design.

Roger Dooley [00:22:59]:

Yeah, I agree. I find design on ships to be very spot, even on some of the very upscale lines, some very expensive cruises where the service is impeccable, the food is fantastic, but you look at the art on the walls and it's like starving artists or garage sale material. We need a thousand paintings right away. That surprises me. And just to be clear, by the way, for the Infinite Veranda, what you're discussing there is when you have a cruise ship cabin or even like a room in a home that has a balcony, you can have an exterior balcony that you go through a door and walk out on, or you can push the actual exterior wall of the structure or the ship out to the edge of the balcony and then just open a giant window, and that's, that's what the infinite veranda does. And I guess there's probably advantages and disadvantages, but certainly in my experience, people spend probably 95% of their time inside the cabin and only a very small portion out on the balcony. So it makes a huge amount of sense for most people to do that.

Lisa Lutoff-Perlo [00:23:59]:

Yeah. Only 10. The balcony, we did research. The balcony is used about 10% of the time, so you're not far off at all, Roger. And then so for 95, 90% of the time, they get the utilization of that space inside.

Roger Dooley [00:24:12]:

So, Lisa, what is your next chapter from here?

Lisa Lutoff-Perlo [00:24:16]:

I'm writing that now, literally and figuratively. Well, I'm done writing the book. The book is out making waves, which is exciting and fun. That was a six year labor of love. And now as I'm getting ready to transition out of the company in a couple of months after 39 years, I'm thinking about what I want to do next. And I've got a lot of things in the works, a couple of big ones that I can't talk about yet, but time will tell and we'll see. But I'm very excited about what the future holds and I am very excited about the amazing career I had in the cruise industry. It was, it was better than any of my wildest dreams could have ever imagined.

Lisa Lutoff-Perlo [00:24:57]:

It was, I wouldn't change a thing. It was terrific.

Roger Dooley [00:25:00]:

Any advice for our audience members who think, gee, working for a cruise company would be pretty interesting?

Lisa Lutoff-Perlo [00:25:06]:

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Yeah, well, it would. You know, I, I will say that, and I talk about this in the book before coming into the industry and our company. I've been in the industry for 39 years and I've only been with one company, the Royal Caribbean Group. And so what I would say is before that, before 1985, I changed jobs every single year because I never found my calling, I never found my passion. The places that I was in, always in hospitality, weren't able to hold my interest. I didn't see a future there, so I would just move around. And then I happened into this company and into this industry and I stayed for 39 years. There's so much growth, there's so much opportunity, so many different things you can do.

Lisa Lutoff-Perlo [00:25:56]:

They have a bias for promote, for promoting from within. So I would say if you ever have the opportunity to join the industry, you absolutely should do that.

Roger Dooley [00:26:05]:

Lisa, how can people find you online?

Lisa Lutoff-Perlo [00:26:08]:

LinkedIn. Please follow me on LinkedIn or you can go to my website, lisalutoffperlow.com and you can find all about Making Waves on my website and links to order it and anything else you might want to know about me that I'm willing to share online. But as you know, just find me on social media and you'll probably learn a lot about me for sure.

Roger Dooley [00:26:32]:

Great. We will link to those places on the show notes page at RogerDooley.com/podcast and in the YouTube notes. Lisa, thanks so much for being on the show and good luck with the next phase of your career.

Lisa Lutoff-Perlo [00:26:45]:

Thank you so much, Roger. And thank you for being such an avid cruiser, you and your wife. We appreciate it very, very much.