

Chain Leader

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Culture Club

Carlson Restaurants Worldwide engages its entire organization in diversity.

By Donna Hood Crecca

Richard Snead doesn't want to talk about the business case for work-force diversity anymore. He was sold on that issue a long time ago.

The president and CEO of Carlson Restaurants Worldwide learned about the value of diversity when he led international expansion at Lenscrafters and then Burger King before joining Carlson in 1997 as president of the international division. Carlson embraced the business case for diversity under former CEO Wally Doolin's watch. So when Snead was elevated to lead Carlson in 2002, he was in a position to take the Carrollton, Texas-based company's diversity initiative to the next level.

"At some point you go beyond the business case. You have to get over talking about the 'why' and get into the 'do' stage," he says. "For those who are still in the 'why' stage, we have an aggressive growth strategy, and you can't staff restaurants around the world if you're not an organization that welcomes diversity. Also, we all know about the changing demography. If you want to appeal to consumers as a place they can see themselves eating in, you have to embrace diversity.

"Beyond that, I say it's essential to our success. Diversity of thought creates a competitive advantage because it fosters creativity and makes people proud of the company they work for. Those two elements are essential to our overall success."

Taking Action

Carlson's 'do' stage—formally kicked off in 2002—makes diversity an essential component of its culture and business strategy. It incorporates diversity into hiring, training and development, and involves mentoring, measuring and accountability across all divisions. This year, for the first time, diversity metrics are tied to compensation for multiunit managers.

The multifaceted approach is helping Carlson's flagship brand, T.G.I. Friday's. Friday's reports five quarters of gains in guest counts thanks to unit remodels, menu changes and improved training. But, Snead says, "The single most important measure of the revitalization program's success is team retention. When we started, manager turn was trending at 28 percent, and we've come down five points in the last two years. Our goal is to drive it below 20 percent, and we're very close."

Hourly turnover is now in the 70 percent range; it had been above 85 percent.



An essential component of its business strategy, Carlson's diversity initiatives include programs that improve the recruitment and retention of minorities and women. Vice President of Diversity Juanita Nanez (in white) is charged with keeping the initiatives on track.



Carlson is developing a program to help incoming women and minorities assimilate more easily into the company's culture.

"Diversity is a really important element in those improvements," says Snead.

Nothing Lost in Translation

The company formed the Diversity Advisory Council in 2001. Comprised of unit and corporate employees, the council works to translate the Diversity Mission and Strategy statement it created into daily activities. The Executive Diversity Council, formed in late 2004 and comprised of top personnel from human resources, IT, real estate, international marketing, corporate communications and sourcing, revised the mission and strategy statement to support Carlson's business goals.

"The diversity strategy was developed by the entire executive team with input from all levels of the company," says Juanita Nanez, who was named vice president of diversity in 2003. "Each executive develops diversity under their own functional area of responsibility, and they're accountable for it."

Diversity is now a key element of prehire screening, which includes assessing a candidate's comfort working in a multicultural team, and in training materials at every level of the organization.

A Culture Survey fielded in 2004 helped identify needs, opportunities and goals. The Diversity Balanced Score Card tracks progress on recruiting and retention of women and minorities and supplier diversity. One year into its supplier-diversity initiative, Carlson has doubled the percentage of spending with minority- and women-owned companies.

The company's executive team reviews the score card quarterly. "From the Diversity Balanced Score Card, we're able to draw correlations between our activities and our performance," Snead says. "For example, we know we're doing a good job of recruiting female managers, but we are not retaining them as well."

Women in Focus

While half of Carlson's executive team is female, far fewer women work in multiunit management. "We see a big opportunity around female hires and retention," says Anne Varano, senior vice president of human resources and communications. "That's a key area of focus for us this year."

Carlson began Women's Leadership Forums in 2003. "All female restaurant managers and managers from the support center, as well as key male leaders, are invited to the forums," Nanez says. "These create awareness of women in leadership, increase our understanding of obstacles and barriers women face within our organization, and provide development opportunities for female leadership."

Carlson initiated the Women's Mentoring Program to improve retention. It is tracking the effectiveness of the program, which will likely be expanded in 2006.

The company also has a program in the works to help incoming women and minority managers assimilate into the Carlson culture more easily.

SNAPSHOT

Company

Carlson Restaurants
Worldwide

Headquarters

Carrollton, Texas

Units

T.G.I. Friday's: 530
domestic, 229 international
Pick Up Stix: 99

2004 Systemwide Sales

\$2.4 billion

2005 Systemwide Sales

\$2.7 billion*

Employees

27,429 corporate

Expansion Plans

22 corporate, 14 franchised
domestic Friday's and 27
international in 2005; 20
Pick Up Stix units in 2005

*Chain Leader estimate

"We know we need to recruit better and then grow our own," Nanez says. "We've put money against programs for diverse candidates within our company, such as recruiting women and minorities into top executive positions. You have to create plans and put budgets against them, then measure."

Accountability Matters

Diversity became part of each multiunit supervisor's score card last year; this year compensation is linked to the diversity of their management team.

"The first year, we established the goals, measured against them and reported. This year, we aligned compensation to those goals," Varano explains. "We will continue to drive the alignment of performance objectives to more and more groups in the organization as we go forward."

Such incentive around diversity wins accolades from Joni Thomas Doolin, founder and CEO of People Report, the Dallas-based human-resource benchmarking firm. "It's not enough for organizations to simply create a post for a diversity officer and send employees to the MultiCultural Foodservice & Hospitality Alliance conference each year," she says. "Valuing diversity ultimately must reach every person, and that happens not only when it is promulgated, but measured and rewarded."

Gerry Fernandez, president of Cranston, R.I.-based MFHA, agrees. "Having quality metrics in place to measure success and outcomes is the real measure of commitment," he says.

"Seeing my company put its money where its mouth is has only emboldened my commitment to CRWW," says Rob Rodriguez, director of operations, West Team, and a Diversity Advisory Council member. "I am an active member of the Greater Dallas Hispanic Chamber of Commerce, and it's nice to share my company's commitment to diversity with local business leaders and the community."

As a multiunit supervisor, Rodriguez appreciates the impact the comprehensive approach to diversity has on employee development. "It's paid off by identifying and promoting hourly talent into management," he explains.

Because employees are involved in developing the diversity program, they have a sense of ownership in the corporate strategy, says Claudia Schaefer, vice president of international marketing and a member of the Executive Diversity Council.

"This is not a silo initiative. Involving so many people has made it part of the mainstream corporate process that reaches the front lines versus an individual manager activity," she explains. "Diversity is part of our forethought, not an afterthought."

Front and Center

In addition to highlighting its commitment and programs online and in recruiting, Carlson also shares ideas with other diversity-minded companies through organizations such as MFHA and the National Society of Minorities in Hospitality. Nanez is president of the Texas Diversity Council and a founding MFHA board member. Snead speaks often about the company's activities around diversity.

"Doing so puts us on the radar screen. We want people to know we want to be a leader in this category," Snead says. "There is a selfish element to it: When people see you're willing to stand up and speak boldly about what you're doing well or not so well, they recognize you as a company that's committed and a company where diverse people can be comfortable."

"If the leadership of an organization is involved and can speak intelligently on diversity, then that company's credibility is greatly enhanced," Fernandez explains. "Richard Snead gets it on diversity, and therefore his organization is more apt to take inclusion seriously."

Carlson will field a second Culture Survey next year and will continue to assess and refine its diversity activities. "Our work is just beginning," Nanez says.

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