

# The Road to a Meritocracy: The Learning Journey at Carlson

## MAIN LESSONS

- Strong leadership at the top can quickly and radically transform the corporate environment to ensure women’s advancement.
- The presence of other women in key management positions is important to further women’s advancement, as well as listening to feedback, and being flexible to adjust existing initiatives to ensure their continued relevance.
- Leadership on gender is not only about what we say, but also about our symbols and value sets, and the messages we project with concrete actions to support women’s empowerment.



“Our goal was to create a meritocracy where everyone had an even playing field. Our experience has been that, if women have equal opportunities, they succeed in equal numbers.”

– Marilyn Carlson Nelson,  
Chair



Established in 1938 as the Gold Bond Stamp Company, Carlson is today a well established presence in the travel and hospitality industries and one of America’s largest private companies. With 160,000 employees in 150 countries, its brands include the Radisson & Regent Hotels, Country Inns & Suites, T.G.I. Friday’s restaurants, Carlson Marketing and Carlson Wagonlit Travel. Women comprise 49% of the company’s management and the Carlson name is synonymous with strong female leadership. But this was not always the case. It took a determined female CEO to transform the corporate culture, not by mandating, but by modeling female leadership. Today, Carlson is known and recognized for its family-friendly work environment and gender parity.

## WIN-WIN SITUATION FOR BUSINESS AND FOR WOMEN

- CEO Champion creating strong support for meritocracy at the highest level in the company, and demonstrating commitment to promoting a level playing field for women in business nationally through the National Women’s Business Council and Catalyst.
- Institutionalized processes and practices to level the playing field over time. These include family-friendly work arrangements and work-life policies to recruit and retain women, as well as strong women’s leadership and mentoring programs.
- Outcome: 49% women in management positions.

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# Creating An Environment Where Female Employees Can Thrive

Carlson recognized the importance of addressing gender inequalities as early as the 1960s and 1970s, long before its powerful female CEO, Marilyn Carlson Nelson, took over. The issue of access to healthcare exemplifies these early efforts. At the time, the company offered a medical insurance plan to its employees, but while male employees could cover their spouses and children, married women could not cover unemployed spouses and their children through their employer's plan. This was because the insurance companies through which the plans were purchased imposed limits on access in regards to married women. Carlson founder and then CEO, Curt Carlson, decided this was unfair to female employees whose husband's were not covered by an employer's health insurance plan. He decided to establish a self-funded medical plan (which didn't involve an insurance company) that would offer equal benefits to married female employees, their husbands and their dependents. Carlson became only the third company in the U.S. to offer such benefits, helping advance a movement towards corporate self-funded healthcare with equal access for all female employees.

Interestingly, while Curt championed this enlightened cause to secure women's access to healthcare, he made no secret of the fact that he was disappointed at not having a son (rather two daughters) to succeed him in the family business.

At one point, he even "fired" Marilyn from the company upon hearing that she had received a promotion. Knowing that her surgeon husband's schedule was unpredictable and they had four children, Curt insisted that she put her career on hold to focus on her family.

Returning to the company in the late 1980s, Marilyn began to organize the company's first women's council – a best practice emerging in many successful U.S. companies at the time.

To Marilyn, it was clear that the contribution of women was underutilized. There were only two women executives in this multi-billion dollar, international company. Marilyn worked in various management roles, and in 1998 her father turned top leadership over to her. As Marilyn puts it, "He turned around and saw that the best man for the job was a woman." She immediately started to work on changing the internal culture so that both women and men could succeed, and the company could reap the benefits of drawing from the largest talent pool possible.

One of Marilyn's first actions as CEO was to provide in-house child care for employees at the company's headquarters in Minneapolis. Three national child-care providers today offer employee discounts in other cities. Parents can also use company-provided referral services to locate private care. In the U.S., where paid time off for new mothers is not guaranteed in legislation, Carlson offers six weeks of paid maternity leave to new mothers, with one year of service in the company as well as one week paternity leave for fathers. As part of its work-life programs, new mothers also receive baby care packages, and can take advantage of an ErgoMOMics program, which helps pregnant workers with basic ergonomics for two. For adoptive parents, Carlson offers up to six weeks of paid leave plus adoption cost reimbursements of up to \$5,000.

Marilyn did not stop at child care. Carlson today has many other exemplary programs for its employees and dependants – all designed to make work a more flexible undertaking. For Marilyn, it comes down simply to good business sense. "The nature of [our] businesses, especially in hotel, restaurant and travel demands flexibility and we decided to do something about it," she says.

To facilitate flexibility, the company offers alternative work arrangements, including part-

time, flex-time, job sharing, telecommuting, and compressed work weeks. Its resource and referral program, Lifeworks, helps employees balance work and family responsibilities. For employees who wish to take extended time off, the company offers paid and unpaid sabbaticals that allow staff members to maintain their benefits. The company also gives opportunities to women to exit the workforce for a period of time and re-enter when they are able.

According to Carmen Baker, a vice president in the hotel division, "The flexibility is agreed to on an individual basis and employees make arrangements with their direct supervisors. In our hotels group we have a 'summer hours' program where [an employee] can go to a 4-day workweek, and people take advantage of it. Employees appreciate this culture, and in our employee satisfaction survey and through past surveys, that's where we see this reflected."

Another issue that Marilyn decided to tackle early on was the lack of women in leadership positions. "We didn't set out to say we wanted a certain percentage of women leaders. Instead we had to put a process in place that would allow women to optimize their talents," she explains.

The company looked at its succession planning for manager level and above, where every individual was required to identify who could be their successor. Employees generally named one or two people as potential successors. Women were often on these lists but they rarely got the job when the moment of succession came. According to Marilyn, the 'like me' bias was leading to the promotion of those who were considered most like their predecessors – making it hard for women to break the chain.

To address this, Carlson instituted a 360-degree review process, now used for high-potential employees who also become part of the company's executive leaders program. Developmental and coaching programs for women and men were also initiated. Marilyn

says that by including men in these programs, Carlson was able to identify and promote talented women without “developing a tidal wave of opposition internally.”

Mentoring and education were also key ingredients to ensure a pipeline of women ready for promotion. Carlson was a founding member of and has actively participated in Mentium, a coaching company which pairs women with mentors in other companies. Mentors are both women and men, and they are selected to match the interests of women mentees. “In the beginning, we didn’t have enough women in upper management. The theory was that if they paired a high-potential woman with a male executive from another company, they would be comfortable to talk about internal politics and rehearse presentations.... It was structured mentorship,” explains Marilyn.

In addition, the company created an executive leadership program for its employees at the University of Minnesota’s Carlson School of Management, with a mini-MBA targeted at the service industry. Marilyn’s management makes sure that the classes have strong female representation.

Recognizing the value of female role models, Marilyn has also sponsored “Inside the Boardroom” - a leadership series at the Carlson School. She interviews women leaders about their formative experiences and career experiences and then invites professors and students to continue the conversation. She’s hosted such guests as Xerox CEO Anne Mulcahy, PBS President Pat Mitchell, Tootsie Roll President Ellen Gordon, and Young & Rubicam CEO Ann Fudge.

Another turning point in the organization was the creation of the Women’s Executive Council, a group of Carlson female managers and external women executives who served as advisors to the company. Carlson already had a supplier diversity program through which contracts with women-owned businesses were sourced. But the engagement with the Women’s Executive Council led the company

to address gender also as part of its business model. “We got great ideas from other companies on how they were integrating women as part of their business imperative. Through that engagement, the power of the

purchase was introduced to our organization, as part of relationship marketing. It brought focus on who our guests and customers are, to understand the influence of women as consumers in our market,” says Marilyn.

## Global Impact

Carlson’s efforts to create flexible work policies and promote and retain female employees have paid off. Today the share of women in management is an impressive 49%, though the figure has proved harder to attain in the company’s non-American subsidiaries, and the success rates differ across countries and markets.

A large percentage of Carlson’s employees informally flex their schedules, and a smaller group of leisure-travel staffers works entirely from home. The company also ensures equal pay for equal work, which is mandated by U.S. legislation, even though women across the country still make only about 80 cents for every dollar men make. “We

do pay equally. We wouldn’t pay a woman manager differently than a male. We have a professional job evaluation system. This is important because women are often not as good at negotiating salaries,” says Susan MacHolda, a senior director in human resources at Carlson.

Carlson’s new CEO, French-native Hubert Joly, and his leadership team have continued to support gender issues. Carlson has gained a reputation as a leader in promoting flexible work policies and in creating an environment where women can thrive. It is ranked as one of the best companies to work for in the U.S. by Working Mother magazine, The Business Journal, and Fortune magazine, among others. Forbes magazine has also named Marilyn as one of the “World’s 100 Most Powerful Women.”

### BENEFITING FROM CARLSON’S MENTORING AND TRAINING



Diana Roney started her Minneapolis-based Classy Baskets ten years ago. Her company designs baskets, floral arrangements and bouquets for various occasions, targeting both corporations and individuals. Early on in her career, Diana joined the Midwest Minority Supplier Diversity Council, and it is through this association that she was contacted by Carlson’s supplier diversity team five years ago.

Carlson periodically ordered corporate gifts from Classy Baskets. But for Diana, the education and mentoring she received was just as valuable. “[Carlson] provided mentoring, teaching me how to get in with different corporations and helping me with skills on how to be competitive. It helped give me an edge,” Diana says. Carlson also sponsored Diana’s attendance at national events, and her executive education through the Carlson School of Management. “The program gave me more education on how to work with different corporations going forward. I do look back on the materials that I received [in the course], which is priceless.”

## Lessons Learned

The most visible lesson of Carlson's gender efforts is that strong leadership at the top can quickly and radically transform the corporate environment to ensure women's advancement. Marilyn's role as a committed CEO who recognized the importance of gender equality led to very quick internal change. Under Marilyn's decade-long leadership Carlson not only institutionalized a meritocracy but it nearly doubled its revenues to \$40 billion annually.

The presence of other women in key management positions was another important ingredient. "The fact that I hired a female HR director was a breakthrough," Marilyn explains. "The person before that was a very competent, but less inclusive-thinking HR person. [The new HR director] helped in the shift towards more progressive HR practices, but she also became a significant mentor to many others in the organization. It was a progression towards what we needed at the time."

Another important lesson is about listening to feedback, and being flexible to adjust existing initiatives to ensure their continued relevance. Carlson executives use Employee Engagement surveys, a tool that helps them understand the company's workforce, and determine gaps and continued development needs. This has also helped them determine barriers to women's advancement.

At Carlson's restaurant company, for example, executives discovered they had a relatively low percentage of female managers. To understand why, Carlson set up a series of regional meetings where high-potential women and women managers could discuss why women might not pursue restaurant management. According to Susan, "In these discussions, leaders identified that some of the barriers particular for women managers were the work hours. From the safety standpoint, women were also concerned about having to close a restaurant

late at night. So we redesigned the hours to restructure and change some of these paradigms. It made a big difference."

The current financial crisis has inevitably led to some re-examination and change in priorities. This affects all areas, including gender-related initiatives. "Our executive leadership program is being postponed, partly because of the recession. We are taking a harder look to really make sure [our programs] are a value-add. We are also promoting existing programs such as Lifeworks more, because we recognize that during tough economic times people are looking for resources," says Carmen.

Another important lesson that Marilyn herself particularly stresses is about the value of symbolism. "Leadership is to be handled in several ways. One is what we say, [and] another is about our symbols and value set," she says. "When we created the childcare center, there were people in the company who objected, asking why we were spending money on childcare. But this was symbolic. It said to everyone we are going to welcome and support people with families. If you're looking for a good place to work, there are symbols that speak to that."

Carlson's push for gender equality has resulted in a prevailing environment of inclusivity, says Deborah Cundy, Vice President in the Office of the Chairman. Deborah, who has worked for Carlson for more than 20 years, observes that the results of Marilyn's efforts have had a far-reaching impact on the company's culture. "Institutionalizing fairness in the system has not only created a sea change for women's advancement opportunities," she notes, "but it has also had a very positive impact on the overall diversity of the company's workforce."

Finally, symbolism also extends to ensuring consistency in the company's message and image. "We think it's inconsistent," says Marilyn, "to say you care about your customers if you don't have gender opportunities and programs that reflect

and strengthen communities. Carlson has philanthropically supported women's capacity-building programs such as The Women's Presidents' Organization, Women Impacting Public Policy, the National Association of Women Business Owners, the Women's Business Enterprise National Council and the National Association of Women MBAs.

In 2002, at the request of the President of the United States, Marilyn accepted the invitation to chair the National Women's Business Council, an independent advisory board that advises the President and Congress on issues impacting women business owners. She served until 2005, translating her experience running a large corporation onto national and international arenas. Not only did Marilyn enhance her own company's competitiveness, but she inspired countless women in business along the way. According to Marilyn, "You simply can't overestimate the value of demonstrating to others that you are personally engaged in your convictions."

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**Date:** August 2009

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