

75 Years Strong

An Interview with Trudy Rautio,
President and Chief Executive Officer, Carlson

EDITORS' NOTE Trudy Rautio was appointed to her current post in August 2012, after 15 years in executive leadership positions with the company. She also serves as Chairman of the Board for Carlson Wagonlit Travel and The Rezidor Hotel Group. Rautio, who joined the company in 1997, was most recently Executive Vice President and Chief Financial and Administrative Officer for Carlson, a position she held for eight years. During her 15-year tenure with Carlson, Rautio has served



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in a variety of senior leadership positions including as President of Carlson Hotels in the Americas, and in a dual role as Executive Vice President and Chief Financial Officer for Carlson Consumer Group and Chief Administrative Officer of Carlson Hospitality Worldwide. Before joining Carlson, Rautio was Senior Vice President and Chief Financial Officer of Jostens, Inc. and previously served as Vice President of Finance for Pillsbury Co. Rautio holds a bachelor's degree in accounting from Bemidji State University and a master's degree in business administration from the University of St. Thomas.

COMPANY BRIEF Headquartered in Minneapolis, Minnesota, Carlson (www.carlson.com) is a global hospitality and travel company. Carlson Rezidor Hotel Group includes more than 1,300 hotels in operation and development, including Radisson Blu, Radisson®, Park Plaza®, Park Inn by Radisson, Country Inns & Suites By CarlsonSM, and Hotel Missoni; more than 900 T.G.I. Friday's® restaurants; and a majority stake in Carlson Wagonlit Travel®, the global leader in business travel management. Carlson operates in more than 150 countries and territories and its brands employ more than 175,000 people.

What is your outlook for growth for the Carlson brand and where will the growth come from?

We'll continue to grow and invest in regions where we have the right partners and opportunities already in the pipeline, particularly Asia-Pacific, but we're proceeding more cautiously where the economic headwinds remain uncertain.

Despite challenges, we're still projecting overall revenue growth of 3 to 5 percent. We're remaining judicious with a continued focus on performance. Our ability to maintain liquidity and a strong balance sheet remains an important consideration for us.

We're focused on reimagining our Radisson brand and we're continuing to expand and build out the Radisson Blu brand. We're looking for the right opportunities to put Radisson Blu properties in premiere destinations, like New York City, but remain constrained by the availability of existing real estate. One of our most exciting openings for the brand was launching The Radisson Blu Mall of America in March.

In addition, we're projecting Radisson and Country Inn & Suites Americas to modestly outgrow their peer set. Worldwide, we're planning 80 hotel openings in 2013, bringing total properties in operation to 1,131 at year-end.

In addition to our hotel businesses, at T.G.I. Friday's®, our team is focused on defining and differentiating the customer experience. We're planning to open 75 new stores in 2013 and reimagine 80 Friday's restaurants. At the end of 2013, we expect to have 976 stores in operation.

At Carlson Wagonlit Travel, we're proud to maintain the ongoing position of strength as the number-one travel management company with exceptional customer retention. We anticipate transactions to be even with last year but to achieve increased revenue and improved margins. We're focused on continued progress toward lowering the cost per transaction.

We planned to grow the company's hotel portfolio by 50 percent, reaching 1,500 hotels in operation or under development by 2015, and we have made significant progress to date.

Specific growth objectives for each of our hotel brands have included expanding Radisson Blu and Radisson as strong, globally consistent, and first-class brands. Just over a year ago, we opened the Radisson Blu Aqua Hotel Chicago, the first Radisson Blu in the U.S. In 2012, we added 33 Radisson Blu hotels globally, growing the portfolio from 239 at the end of 2011 to 272 in 2012. We expect to add 21 Radisson Blu hotels in 2013 with destinations including Sochi, Russia; Guwahati, India; and Libreville, Gabon.

The Country Inns & Suites By Carlson brand celebrated its 25th anniversary this past year and has grown to more than 470 hotels worldwide. In 2013, the brand will embark on an evolution that will update its identity, hotel architecture, and interiors into what we are calling "G4" (generation four). We plan to continue expanding this brand within the U.S., Canada, India, and Mexico.

In 2012, we opened nine Park Inn by Radisson hotels adding 1,425 rooms globally, and growing the portfolio to 194 hotels and more than 36,000 rooms in operation and under development. In markets like China, India, and Brazil, we have capitalized on opportunities for long-term growth with major development agreements, including a strategic partnership with Bestech Hospitalities to develop 49 Park Inn by Radisson hotels in India over the next 12 years.

After 75 years in business, what does the future hold for Carlson?

We are now beginning to frame up Vision 20/20 which builds upon our competitive strengths: strong and deep relationships with our franchisees, partners, and clients, and being private at the core, which allows us to take a long view. Our competitive advantage rests with our people: with their caring spirit and service hearts. Our people create the bright spots for our customers that will guide our future success.

Would you highlight the areas you support through your corporate responsibility and community engagement programs?

Carlson was one of the first hospitality companies to publicly commit to fighting sex trafficking – we are focused on educating our employees and owners about how to detect this criminal activity and our training programs have become the standard in the industry.

The Rezidor Hotel Group has been recognized as one of the most ethical companies since 2010 by the Ethisphere Institute and was one of the first hotel companies in Europe to create and sponsor responsible business through water and energy reduction.

In our restaurants business, we focus on helping at-risk populations with our efforts toward fighting and reducing hunger – another example of how we align our business with our philanthropic strategies.

Both Carlson and Carlson Wagonlit Travel have separately signed the United Nations Global Compact, a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Carlson is also working with industry partners as well as numerous nonprofit organizations to help roll out new job training programs and position the hospitality industry as a great place to grow a lifelong career. ●