

Beyond Philanthropy: Responsible Engagement

An Interview with
Marilyn Carlson Nelson, Former Chairman and CEO, Carlson

EDITOR'S NOTE Marilyn Carlson Nelson serves on the boards of the UN Global Compact, The Committee Encouraging Corporate Philanthropy, The National Endowment for Democracy, and The Kennedy Center for the Performing Arts, and is a past Chair of the Mayo Clinic Board and a former board member of ExxonMobil. She teaches corporate responsibility at the Carlson School of Management at the University of Minnesota and is the author of the bestselling book, *How We Lead Matters: Reflections on a Life of Leadership*. Nelson graduated with honors from Smith College with a degree in International Economics and attended the *Institute des Hautes Etudes Economiques et Politiques* in Geneva.



Marilyn Carlson Nelson

COMPANY BRIEF Headquartered in Minneapolis, Minnesota, Carlson (carlson.com) is a privately held, global hospitality and travel company that includes such brands as Radisson Blu and Radisson, Country Inns & Suites, Park Inn, Park Plaza, Hotel Missoni, TGI Fridays restaurants, and Carlson Wagonlit Travel, the global leader in business travel management. Carlson operates in more than 160 countries. Its brands employ more than 175,000 people.

How do you define effective corporate philanthropy?

Effective corporate philanthropy is evolving from strict financial contributions to building responsible cultures and making choices for engagement with some of today's most pressing issues.

Part of our success at Carlson has been that we are a private company with the intention of sustaining through several generations of our family. Before the pundits started talking a lot about sustainability, we were focused on investments in our community that would build trust over the long term with our various stakeholders. From the beginning, we recognized the importance of being corporate citizens. At first, we invested in our headquarters' community and then, as we grew, we invested in the communities where we do business. But 9/11 was a wake-up call that some larger global issues could have a devastating impact on our company. This awareness inspired us to be more strategic about how and where we engage, and to reach out to others who had different yet relevant expertise.

When my father, our founder, Curt Carlson, was at the helm of the company, I'm proud to say,

he was also a founder of the well-known Minnesota 5% Club – corporations giving 5 percent of pre-tax income to charity, which Carlson does to this day.

Is it imperative that the company address issues that align with the business?

Philanthropy, as a contribution of funds alone, still has its place but historically has been less aligned with business objectives. What we see now among leading corporations is a form of social entrepreneurship, which generates revenue from products and services that respond to social

need by optimizing the organization's competencies.

At Carlson, combating human trafficking became a core focus, particularly the abhorrent exploitation of children for sexual purposes. When we learned that hotels across the world are often used as sites for these incidents, we developed training materials for our employees and shared them with our industry. We recruited other travel and hotel companies to join the fight, and found allies in the civil and public sectors. We quickly learned that our efforts could not be successful if we didn't partner with law enforcement, with the NGO that provides an 800 number and with the courts that prosecute perpetrators, as well as the agencies that support and rehabilitate the victims.

How important is it that the next generation of leaders understand the value in corporate philanthropy?

I believe it is increasingly a strategic imperative. I was gratified and intrigued when I was asked by the Dean of the Carlson School of Management at the University of Minnesota to co-teach a class on corporate responsibility. It's an issue that we haven't incorporated well into national business school curricula.

Business can be a powerful force for good, and I'm more convinced than ever that it *must* be that force for good. Trust in business is being restored because many businesses are becoming more responsible. Leaders are trying to resist short-termism. Courses in strategy that include the evaluation of social investment and examples of successful initiatives would further institutionalize this practice.

There are truly long-lived companies that have looked beyond quarterly capitalism. They recognize that this short-term focus can undermine their investment, hold back their growth and perhaps even encourage activity that is destructive to the common good.

I am proud of the responsible business decisions we have made at Carlson. But I share the

view with these M.B.A. students that making these decisions isn't always easy.

Tomorrow's leaders need to consider the economics of these decisions and the trade-offs. We are teaching that corporate philanthropy and engagement must be approached with rigor, aligned with core competencies, approached as part of the strategy, and quantified as best as possible, knowing that results may be difficult to present value.

Are graduates today seeking corporations that are engaged with the community?

The short answer is definitely yes. Given the demographics, the war for talent will only increase. We know that Millennials are networked and connected. They are discerning employees and consumers. They want to work for an employer that is trusted, transparent, and a respected corporate citizen.

Increasingly, customers have the same expectations. Social networks are quick to hold businesses accountable for their supply chain, the quality of their products, their willingness to pull a defective product, the way they treat their employees, and whether they offer a great place to work.

The pressure for transparency and the global social networks that these "next gens" enjoy help them to be more informed about the corporate cultures they'd like to support with both their talent and dollars.

How important is it to have metrics in place to track impact?

Longer-term returns are harder to measure, so we more often focus our attention on the input.

For example, we know how many hotel personnel we train to be ambassadors in the fight against human trafficking; but we can't know how many incidents we may have prevented.

On the other hand, more corporate leaders are becoming aware that on some of the big global issues, like climate change or water scarcity, business needs to play its part and be satisfied with measures at the macro level that indicate positive change.

Bottom line: Responsible business initiatives often rely on the leadership and vision of the CEO. Opportunities to engage need to be prioritized within the strategy. The CEO must inspire allies, be it employees, customers, others in the industry or sometimes NGOs and governments. Partnering increases our chances for success exponentially in the face of these complex issues. This is a truly exciting time for enlightened business leaders who are willing to use their powerful platform, not only to do well but to do good. Our children will be the beneficiaries of these efforts. ●