



THE ROOM

WHERE IT

HAPPENS

BY CASEY GALE

Diversity is a key component of the lodging industry. To properly serve all walks of life, hotel companies must carefully consider what makes men and women of different ethnic and racial backgrounds tick. To get to the heart of these matters, companies need the input of a diverse selection of employees. And to practice the diversity and inclusion initiatives they preach on the front lines, hotel executives must display race, gender, and ethnic inclusivity from the top down. Here, *LODGING* explores the current diversity and inclusion discourse in hospitality, and what it will take to make a well-rounded board of directors a reality for all companies.

THE YEAR IS 2017.

Following the tenure of the United States' first black president, as well as the first woman presidential candidate, some may be under the impression that the plight of minorities and women in leadership is coming to a close. The numbers, however, tell a less rosy story. Last year, white men held more than two-thirds of board seats for Fortune 500 companies, while minorities and women held a combined 31 percent of board positions, according to a study conducted by the Alliance for Board Diversity and Deloitte. And in March 2016, S&P Global Market Intelligence reported that 24 Fortune 500 companies' boards, including Caesars Entertainment Corporation, lacked women completely—a situation that actually worsened from 2015. But the hospitality industry continues to push forward, attempting to reflect the diverse population it sees walk in and out of hotel lobbies every day.

But for many hoteliers, a diverse applicant pool can be hard to come by organically. Key to solving this issue is working with talent firms that specifically seek a wide range of applicants who may not get their feet in the door otherwise. Ferguson Partners specializes in refreshing existing boards and building boards from scratch. Radhika Papandreou, Ferguson Partners' Chicago-based senior director and restaurant and leisure practice leader,

works with three practices within the firm that commonly intersect: the Hospitality, Diversity, and Board practices. "Men are offered board seats primarily through their natural network, while women will get an opportunity to serve on a board primarily through a director search conducted by a search firm. I think companies struggle because they don't have the talent that they need in their natural network," she explains. So whenever a client comes to her look-

ing for guidance on selecting board members, she repeats the same suggestion.

"Here is your chance: You have a number of director seats to fill. Let's think about not only the diversity of background and skill set, but the diversity of culture, race, and gender, as well," she explains. "This is your opportunity to create a diverse board."

When building a board, Ferguson Partners puts a diversity lens on its search for the right candidates.

"A lot of boards will come to us and say, 'We have an all male board and we are a public company. We know that we will enhance our performance if we have some diversity. Can you help us include a strong slate of diversity candidates?'" Papandreou says encouraging clients to consider a diverse group of individuals for board seats is a fairly easy sell. When asked how she pitches the diversity angle, she says, "Beside that it is the right thing to do?" But the numbers go beyond a personal or professional conviction.

"If you look at studies going back over the last 10 to 15 years, you will find that companies with diverse boards perform better relative to non-diverse boards. There is less group think, and a broader range of viewpoints in the boardroom allow board members to challenge each other a bit more," she explains. "In the hospitality industry, you have a very diverse group of people purchasing your service. So, you want a diverse group of people thinking about how to sell it."

Diversity is also proven to be good for the bottom line—when Catalyst examined Fortune 500 companies using the number of women on their boards, those in the highest quartile in 2009 outperformed those who had the least women by 42 percent.

Papandreou acknowledges that reaching out to candidates that represent diversity in race, ethnicity, or gender can be a sensitive endeavor. Oftentimes, she receives questions from potential candidates on whether they are being



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considered because of their success or simply because of the diversity they bring to the table. They want assurance that their skill set is being valued.

“At the same time, it is challenging for a company to connect with candidates who are not in their natural network. Therefore companies turn to a professional services firm with a diversity practice,” she says.

That said, there are ways that both companies and candidates can work on making the natural network more accessible to women and minorities. George Herrera has served on Wyndham Worldwide’s board of directors since 2006, and credits the board’s diversity—which includes three women and two non-white individuals at its table for eight—to an open-minded and forward-thinking leader, Chairman and CEO Stephen Holmes.

“When I agreed to join the board, I said, ‘Look—if we’re going to drive [diversity and inclusion] from the top down, you need to take ownership of it.’ He gave me his word, and has been true to it,” Herrera says. Having previously worked as president and CEO of the U.S. Hispanic Chamber of Commerce, Herrera has dedicated much of his career helping to bolster the Hispanic business community in the United States. He says the key aspect of Wyndham’s diversity is that it is built into the company’s DNA.

“It’s not about us trying to feel good about diversity and inclusion,” he explains. “For us, it’s a business imperative. That means starting in the corporate boardroom and infusing different perspectives throughout every level of our organization to reflect our customer base and enable us to grow. We place a high value on having that diverse range of perspectives not only in the boardroom, but throughout our organization, and being open and welcoming to people of all backgrounds that apply the same level of strategic thought.”

Papandreou’s experience has led her to a similar conclusion. “If you have diversity on the board, that will filter to management, which will filter to middle management, which theoretically, over time, should filter throughout the company,” she says. →

WOMEN WORK



While women have made immense progress in the workforce in recent decades, globally, only 24 percent of women occupy senior roles in their industries. Additionally, 33 percent of businesses still have no women in senior management positions, according to the 2016 Grant Thornton International Business Report.

“Society is headed in the right direction, but there is a long way to go until we see some equity for women in leadership positions,” says Wendy Stevens, executive vice president of First Hospitality Group (FHG). “What I have learned is that women have to break out of the mold of expectation. Women must not be afraid to have opinions and definitely should not apologize for having them.”

Stevens began her experience in the hospitality industry as a front desk agent, and was soon promoted into a sales position. Later, she went on to hold multiple general manager positions. Aside from her current role as executive vice president, she mentors young women to help them find their voice and develop their confidence in the workplace. “I consider myself to be a strong leader, rather than a strong woman,” explains Stevens. “I had to break out of my comfort zone to get here. When I mentor other women, I emphasize that it is all about confidence. Women need to be confident, but not afraid to ask for help or make a mistake.”

FHG prioritizes diversity in the workplace. She says CEO Robert Habeeb understands the value in hiring female employees, but more importantly, the company’s policy is to actively look for talented individuals, regardless of age, race, or other factors. “Smart companies understand that female talent is essential and absolutely needed in any work environment. There is no growth in everyone agreeing,” she says. “Harmony is overrated.”

According to a study conducted by Peterson Institute for International Economics and Ernst & Young, companies with at least 30 percent women in leadership roles may boost their net profit margins by about 15 percent when compared to those with no female leaders.

“When there are strong women at the top of an organization, it attracts talented women. It is so important that women support each other and empower each other,” Stevens says. “But having supportive men in leadership positions will attract like-minded people, regardless of gender. I am grateful for our CEO, who is very supportive.”

Especially in this time of political upheaval both in the United States and abroad, Stevens says it is essential that women avoid excuses. “Ignore all that political stuff in the background and just move forward with your agenda. Support each other,” she says. —*Alyssa Gautieri*

“There is no growth in everyone agreeing. Harmony is overrated.”

WENDY STEVENS
EVP, FIRST HOSPITALITY GROUP



From left, Michael H. Wargotz, Myra J. Biblowit, James E. Buckman, Stephen P. Holmes, The Right Honorable Brian Mulroney, Pauline D. E. Richards, and George Herrera make up seven-eighths of the Wyndham Worldwide Board of Directors. They also added Louise F. Brady to their ranks in November 2016.

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Papandreou stresses the importance of also working from the ground up, noting that companies need to communicate an effective diversity and inclusion initiative in order to develop junior talent within their organization.

“The hope is diversity and inclusion becomes more organic and authentic,” she explains.

“For instance, if we focus on gender diversity, the question becomes how do you bridge the gap between the women who have experience with board service, and the talented women who could absolutely sit on a board in 10 years? Through the work we do at Ferguson Partners, we are able to connect aspiring board members with seasoned ones who can serve as guides and mentors. I find it extremely important to help these women connect.”

Up-and-comers also face the challenge of waiting for board seats to open—which can take a lot of time if a board member remains active into his or her 70s. To Herrera, a true commitment to diversity and inclusion should mean simply expanding the number of board members to accommodate a well-rounded selection of individuals. “I think that we can still be very aggressive and have a very active advocacy role in ensuring that diversity and inclusion is embedded within the corporate mindset,” he says.

There is no cut-and-dried conclusion on the issue of diversity. Papandreou and Herrera both note that while the corporate world is slowly but surely making strides to be more inclusive of women, there is still much work to be done on the ethnic and racial inclusion →



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RADHIKA PAPANDREOU
SENIOR DIRECTOR,
RESTAURANT AND LEISURE
PRACTICE LEADER-CHICAGO,
FERGUSON PARTNERS

RESHAPING THE C-SUITE

The hospitality industry is constantly changing, with executives always searching for ways to better level the playing field. And change, of course, starts at the top. In recent years, many major hotel companies have zeroed in on diversity and inclusion in tangible ways. A recent study conducted by AETHOS Consulting Group, a hospitality-focused executive search and advisory firm, has concluded that the level of diversity present on executive boards has dramatically increased over the past five years.



AETHOS' study examines several different categories of corporate governance, giving them a score for each category and total score. For a company to achieve a top score in the diversity category, they must have multiple female board members, and at least one other board member who is also a person of color. A company would not be able to achieve a full score by simply having one board member who qualifies as diverse. Some of the top performers in the diversity category include Wyndham Worldwide, Marriott International, and Hershey Entertainment & Resorts.

"Probably five years ago, no one would have gotten a full score in diversity, but we've made progress, and out of 54 companies, you have ten that made great strides," says Keith Kefgen managing director and CEO of AETHOS. Kefgen has been conducting these studies for the past 15 years.

"It was impressive to see a lot of change even since last year," says Kefgen. "A lot has happened in the last 15 years, but in the last five, really, activists like ourselves talking about these issues have helped move things forward," he says. **-Olivia Rizzo**




front. According to Herrera, if you look at the Fortune 1000 landscape, approximately 830 companies do not have a single Hispanic individual on their board of directors.

"I mean, that's appalling," says Herrera. "And we will continue to advocate for more racial and ethnic diversification. It is good that we're getting gender diversification—and hopefully that will translate into getting these CEOs to take a look at some qualified minority candidates to diversify their

respective boardrooms," he says.

Papandreou agrees. While in the past boards favored retired CEOs—typically white men—many are becoming more flexible in the mix of titles represented and are looking to seat active leaders who can present fresh ideas.

Papandreou says, "Although these are small steps, the industry is moving in the right direction. The goal is redefining that default mental image of a board member." 



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