

HARVARD BUSINESS SCHOOL CASE STUDY

Shifting the Diversity Climate: The Sodexo Solution

Sodexo's strategy to make diversity a priority to advance its business goals was the recent subject of a case study published by the Harvard Business School. Authored by Professor David Thomas and Research Associate Stephanie Creary, the case study will be used to stimulate class discussions at the school.

This brief summary is intended to provide you with a snapshot of how Sodexo's diversity and inclusion strategies are viewed by the outside world.

Company History

Pierre Bellon founded Sodexo in 1966 in Marseille, France to provide food services to companies, schools and hospitals, and shortly thereafter, Sodexo expanded the scope of its business to remote site management as well. Sodexo expanded its business within Europe, Africa, and the Middle East and became a public company in 1983.

The following 25 years saw Sodexo expand geographically (including the Americas, South Africa, and Russia) through organic growth and acquisitions. In 1998, Marriott International's food service division merged with Sodexo's North America division to form Sodexo Marriott Services, which Sodexo acquired in full in 2001. In 2005, Michel Landel, one of Sodexo's chief operating officers, was named CEO, succeeding Bellon, who retained his role as chairman of the board.

Today, Sodexo is the 21st largest employer in the world with nearly 400,000 employees working in 34,000 sites in multiple lines of business in 80 different countries. Every day, Sodexo employees touch the lives of 50 million customers. The company generates more than €16 billion or \$20 billion in annual revenue, 95 percent of that from its On-site Service Solutions business.

The Beginning of Sodexo's Commitment to Diversity and Inclusion

In 1999 Michel Landel was named president and CEO of Sodexo North America. In 2002, he hired Dr. Rohini Anand as vice president of diversity and inclusion for Sodexo's North American operations. Dr. Anand was later promoted to senior vice president and global chief diversity officer for Sodexo's worldwide operations. In doing so, Sodexo made diversity and inclusion a key priority for the company. While there were broader business benefits that were subsequently realized from this prioritization, it was initially surfaced as a result of a class action suit filed against Sodexo Marriott Services in 2001. The plaintiffs in the law suit, former and long-term Marriott employees, charged that the company had discriminated in its promotion decisions, starting in 1998.

Landel told researchers, ***"It was very painful. Our culture has been built around strong values and a spirit of service and progress and the majority of promotions in our company are internal. So, when we were told that employees felt that we'd discriminated against them, we were surprised."***

While it would take several years to settle the lawsuit, Sodexo took immediate steps to remedy the situation and make the culture more inclusive.

Anand partnered with the Human Resources and legal teams to build processes such as training systems, selection systems, and a career posting center – and also inculcate the business benefits of being a leader in diversity and inclusion throughout the organization.

Some of these steps, implemented with the support of senior leadership, included the following:

- A diversity scorecard was created to measure progress within the management ranks and to set targets for representation of women and minorities in leadership positions. (A significant percent of executive and manager bonuses are tied to scorecard performance.)
- Company-wide processes and systems were implemented for structured job postings, selection and performance management in all of the 6,000 accounts.
- Sodexo implemented diversity training and education, work-life effectiveness programs, mentoring, employee network groups, leadership education, awards and recognition, diversity councils and external communications through the company website and annual report.

Perhaps most important, Landel and Anand made an effective and compelling business case for diversity and inclusion as a way for Sodexo to differentiate the company from its competitors. ***“It took us a while to understand that beyond the right thing to do, there was a business case for diversity,” Landel said. “A big moment for us was tying diversity to the growth of the company, margin expansion, and around our strategy to retain all of our business with our clients.”***

By 2005, the company was not only able to put the lawsuit behind them, but they started receiving requests from clients and other companies to share their diversity story and help them design and implement similar strategies.

Going Global

In 2005, when Landel was named CEO of Sodexo Group and relocated to the Sodexo headquarters in France, he decided to make diversity a global initiative, understanding that the company would be competing for talent as it hired hundreds of thousands of workers over the next decade.

Landel and Anand, who was named global chief diversity officer in 2007, discovered, however, that the U.S. model needed to be customized, due to substantial differences in country laws and resistance from some country-level CEOs within the company. So, they adopted a country-by-country strategy and hired Jean-Michel Monnot, a 20-year operations and sales veteran of Sodexo, to lead the efforts in Europe.

They engaged European executives in “Spirit of Inclusion” sensitivity and awareness training that culminated in individual action plans for each country. Customized country-specific training programs were created for employees that featured a “train the trainers” component to further localize the effort and to build a network of diversity champions.

A Focus on Women

The case study notes that Sodexo placed a particular emphasis on women, creating metrics focused on gender diversity, and also implementing initiatives focused on engaging, developing and retaining women in their workforce. The researchers called out results in Europe, India, and China.

Europe. At the company’s international meeting in 2007, a discussion with the most senior women at Sodexo revealed their reluctance to talk about barriers, feeling they had earned their positions on their own merits. ***“Many women resisted this session and expressed that they really didn’t want to be part of a meeting focused on a ‘women’s thing,’”*** Anand told researchers.

The following year, men and women took part in the sessions, and both became very engaged, revealing a key strategy for future development of the gender diversity strategy. Anand also reached out to other companies to partner on diversity summits, sharing the costs and incorporating a business development aspect of the meetings. In 2009, they formed the Sodexo Women’s International Forum for Talent (SWIFt), leading many women executives to conclude they could draw on their professional success to help other women within Sodexo. SWIFt is focused on three objectives:

- Engage the organization by sharing the business case for gender equality and raising awareness through training.
- Creating a culture of inclusion by addressing issues of work-life balance (important to both men and women) and developing women's networks.
- Developing women's careers through mentoring initiatives and encouraging women to pursue developmental opportunities.

India. Initiatives to develop women and create gender-friendly workplaces were accepted more rapidly in India, where diversity in religions and languages are already part of the culture. Additionally, appointing a dedicated and seasoned diversity practitioner to lead the efforts helped accelerate the commitment.

Following the 2009 acquisition of Radhakrishna Hospitality Services Group, Sodexo's India workforce reached 30,000. By 2011, Sodexo India had launched four women's network groups, created a task force to develop a gender-friendly workplace, and customized diversity training as well as an accelerated leadership development program for high-potential women.

China. Noting the traditional difficulty of sustaining interest in internal company networks in China over the long term, Sodexo partnered with Cisco to develop a cross-industry women's networking event focused on wellness, work-life integration and balance, and retention and engagement of women employees, held in July, 2011. Currently, plans are underway to work with state-owned Chinese enterprises to develop similar women's initiatives, as well as to launch an external women's network in Beijing.

Anand told researchers, ***"Our diversity initiatives in Asia are taking off at a much faster pace, partly because of leadership commitment and buy-in and partly because the women are ready."***

Moving Forward

While Sodexo has made good progress in making diversity an integral part of its corporate culture, particularly in North America, much work remains to be done, according to the case study.

"If Rohini and I were to leave tomorrow, I believe the progress we've made with respect to diversity in the U.S. would be sustained," Landel told the authors. ***"It has become systemic in the U.S. However, while we are making progress, I don't think this is yet the case for the rest of the Group."***

The company will continue to develop its diversity priorities country by country, with priorities focused on five different dimensions of difference: gender, race/ethnicity, sexual orientation, disabilities, and age. While Sodexo's global strategy related to gender diversity is clear, considerable work still needs to be done to help employees understand why focusing on those dimensions is important to the company's future.

Given the different levels of engagement in the diversity initiatives in different countries, it will be critical to keep the country CEOs engaged in the process around the world, the case study concluded.

According to Chavel, ***"just because we are more diverse doesn't mean we have 'arrived' and that the journey is over. We can't settle. Success can sometimes breed complacency. I've sat on a lot of panels with other CEOs and the question that some of them ask is, 'What's next for diversity?' I always raise my hand and say, 'Go back to zero and start again.' People always want to think about the next flashy piece, but that actually winds up diluting the core mission of the journey."***

If you wish to read the Harvard Business School case study in its entirety, you can purchase a copy at <http://hbsp.harvard.edu/product/cases>