

BUSINESS RATIONALE FOR MULTICULTURAL MARKETS

The 2010 Census results made it clear beyond any reasonable doubt that minority, immigrant and multicultural consumers are driving the growth of the U.S. population and its economy. Similarly, multicultural markets are fueling the employment pipeline for many industries, especially for the restaurant, foodservice, and lodging segments.

All this growth in multicultural consumer segments means that there is business opportunity in serving the needs of these populations. The U.S., as well as global markets, is fast becoming multicultural in nature. Urban areas all across America have high concentrations of Black, Asian, and Latino residents. In fact, in many of these communities, they we actually represent the majority.

When you consider these factors, urban Urban markets offer huge opportunities for operators who have the knowledge, vision and cultural intelligence to engage them. The spending power of Asian, Black, and Latino markets, which exceeds \$1 Trillion dollars cannot and should not be ignored.

The restaurant, foodservice and lodging industry is the number one employer of immigrants, minorities, and young people looking for career opportunities. These populations can provide the talent necessary for hospitality operators that wish to penetrate domestic emerging markets, while also becoming customers for the very companies they power. Urban market customers and employees are one in the same.

As the hospitality industry grows, and suburban real estate becomes scarce, so called "non-traditional" locations have become more attractive. Urban communities with high minority populations such as Brooklyn and Harlem in New York have produced high revenue generating restaurants for companies like Red Lobster and I-Hop.

Urban and multicultural markets offer business opportunity; plain and simple. Global is important, but business leaders must not take their eye off the ball of opportunity that exists in their own back yards. Urban and domestic markets offer job growth and profits right here in America.

THE MULTICULTURAL WORKFORCE

The U.S. talent pool is fast becoming multicultural in nature. Consequently, the companies who build their employment brand with cultural sensitivity will be positioned to attract the best and brightest talent. Diverse and multicultural talent will gravitate to work environments where they feel engaged, valued, and given the opportunity to contribute to the company's success at the highest levels. Career opportunities along with a culturally sensitive and welcoming work environment must be highly visible to them or they will turn their interests toward other employers. In today's world however, companies who want to succeed long term, cannot afford to lose these talents.

The foodservice and hospitality industry is competing with other business sectors that have far more experience in engaging multicultural audiences. These industry segments include telecommunications, utilities & energy, professional services, technology, health care, and

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financial services. The food and hospitality industry will have to get significantly better at engaging diverse and multicultural communities if they want to compete for top talent.

The restaurant, lodging, and foodservice segments have high minority engagement with both employees and customers. Yet, representation at executive levels of leadership and in the franchisee community is seriously lagging. A strategic urban focus could help improve the number of people of color that rise to senior leadership and ownership positions.

THE ROLE OF CULTURAL UNDERSTANDING

Management teams, in today's markets, must build their "Cultural IQ" if they want to grow and lead diverse teams while delivering great business results. Multicultural consumers respond to leadership that respects and understands their unique cultural needs. In today's world, it's more about culture than color. Companies with high levels of cultural sensitivity, cultural connectivity, and cultural fluency will be able to navigate the changing marketplace more quickly than the competition.

The challenge for the hospitality industry lies in the lack of diversity at the executive levels of management. While there are high percentages of Black and Latino employees at entry level, there are too few represented at the mid- and executive levels to help build the necessary cultural intelligence and connectivity. Some companies like McDonald's and Darden (Red Lobster, Olive Garden, and Longhorn Steakhouse) have proved themselves capable of developing diverse talent to middle management and executive positions. However, for most restaurant and lodging companies very little tangible results can be seen.

Without multicultural representation at senior levels, foodservice and hospitality companies cannot increase their cultural competency and cultural connectivity fast enough to keep pace with other industries. Consequently, the industry will not be attractive to the best and brightest multicultural talent.

SUPPLIER DIVERSITY EQUALS COMMUNITY SUSTAINABILITY

No company should look to communities without the concern for their long term economic health. It is only natural to want the communities, from which you draw employees and customers, to be healthy and prosperous. A commitment to supplier diversity is a way to make this happen and it is a form of sustainability.

One example of companies re-investing in the communities, in which they operate, is the forest industry. When they harvest trees they re-plant new trees to ensure success for the next generation. For every harvested tree, logging companies replant three new trees to ensure success for the next generation. According to the American Forest and Paper Association "the forest industry's commitment to sustainability, has produced 20% more trees today than there were 25 years ago on the first Earth Day."

Sustainability as a concept must be applied to how companies work with communities of color. Establishing robust supplier diversity partnerships that are committed to helping multicultural business grow is a sustainability strategy. The foodservice and hospitality industry must "plant trees in its own backyard" by targeting urban and multicultural communities for entrepreneurial

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talent. Multicultural means business opportunity- opportunity to attract talent, to gain new customers, to create new business partners and to make profit.

Multicultural consumers are very loyal and supportive of companies that support their communities; and they tend to reward those who give back. Commitment to supplier diversity is a simple way to demonstrate company's willingness to re-invest in the communities and a proven way to earn loyalty from multicultural communities.

OTHER AREAS OF OPPORTUNITY

Looking ahead, there are several additional key concerns for the foodservice and hospitality industry. They include:

- The velocity of changing demographics is increasing fast; the industry will have difficulty keeping pace if it does not act now.
- Minority leadership succession planning has not been a priority. As highly recognized and accomplished minority leaders retire, there is not enough diverse talent in the organization to replace them.
- Talent development is multicultural in nature. This will only increase over time, yet few companies have Black, Asian, or Latino leadership development programs in place.
- Attraction and retention of multicultural talent is an ongoing need, yet few companies have a "pipeline" for delivering that talent.

These challenges can be addressed by companies aggressively targeting diverse and multicultural markets, businesses, and leadership. People of color know how to reach and talk to other people of color. Black leaders know the needs of Black communities. Latinos know where to go for Latino leadership. Asians communities know what Asian business need to grow.

All leaders, but especially White leaders, need to understand and embrace this concept if they want their companies to prosper in a multicultural world. The U.S. is multicultural. It's time to invite all cultures to the dinner table of opportunity.