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Tracking Travel's Leaders



From Travel Business Analyst

Rautio to Carlson CEO

The new head of Carlson is Trudy Rautio, 60, president and CEO. US-based Carlson is primarily a hotel company (main brands Park and Radisson, but see below) and Carlson Wagonlit, a travel agency group mainly for corporate travel. In basic terms, Carlson's business looks good - revenue up 13% to US\$38bn in 2011.

Rautio's appointment was quick, in the same month (last month) as Hubert Joly announced his surprise departure, following a relatively-short four years in the job (and four years before that as head of Carlson Wagonlit). Joly has moved to head a US retail company, Best Buy.

Rautio seems a solid common-sense appointment. She has been with the group for 15 years including eight years as EVP and CFO. She is also a woman, an important factor, partly because Carlson's chairman, Marilyn Carlson Nelson, promotes female managerial progress. Nelson is also daughter of the late founder Curtis Carlson.

In her first announcement, Rautio referred to Carlson's progress on its "Ambition 2015 goals" (A2015). The core element of A2015 was to increase its hotels by 50% to 1500 by 2015. At the time A2015 was launched, Carlson had 1065 hotels.

But this may have changed in that the A2015 published targets (on Carlson's website) now show only a series of non-specific measures - such as "...accelerate the growth of [brand] in key markets..." - that cannot be seen as a proper business strategy.

This may be optimism posing as a strategy. In fact, Rautio's most important task may be to develop a corporate strategy following a confusing loss of direction under Joly. If that is indeed the task, then there

are no indications in what she has done so far, to indicate she can fulfill that responsibility.

Carlson's problems include:

- Name. Something as basic as the corporate name has now become unclear.

At the start of this year, Carlson established the Carlson Rezidor Hotel Group with Rezidor, the master franchiser for Carlson's hotel brands for Europe and some other countries - which is now 50% owned by Carlson.



Trudy Rautio

This was not a merger, and the two companies remained legally separate. There was talk of "aligning brands" - although Rezidor's brands for the most part are Carlson's! The alignment seemed to make no sense then or now. Carlson owns the brands, so it has the ultimate power. So how can the two operate as equals?

Rezidor seems the winner in this deal, although there is no great advantage either for that company. And its great weakness is that without Carlson it has almost nothing - despite its great achievement in

expanding the Carlson brands into Europe.

Rautio needs to resolve this problem, which will be hard because Rezidor's head, Kurt Ritter, is a powerful and effective operator. Also, he does not suffer from self-doubt - which may or may not be a weakness.

She may not be able to do it. The task may fall to Nelson who, after all, approved of the CRHG move when Joly was CEO.

- The other problem for Rautio (which Joly could not, or did not try to, resolve) is Carlson's brandname mess, viz:

-Radisson Blu. Unclear market position, and not well known by public and/or differentiated with the core Radisson brand. Blu is described as "design-driven", but that is not a strong market message.

-Country Inn and Park Inn - same-standard, similar-name. Carlson tags CI 'By Carlson', and PI 'By Radisson', but that is applying sticking-plaster to something that requires surgery.

-Radisson and Park Plaza - same-standard.

-Missoni. Having dumped Regent (a niche brand like Missoni, although it was not meant to be), what will Carlson do with Missoni? Can it persuade Rezidor to drop the brand?

- Regent. The official Carlson announcement for Rautio's appointment last month named five Carlson brands. Neither Missoni (nor the Carlson Rezidor Hotel Group) was named. But Regent was!

That brand, after being mishandled for many years, was actually sold by Carlson in 2010. The Regent reference was still in Rautio's appointment announcement when we went to press, although we assume it will be corrected soon after this report is published.

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