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Darden Restaurants: Diversity and Sustainability Boost the Company Bottom Line

Andrew Madsen sipped his cup of coffee and reviewed Darden Restaurants' report on diversity and inclusion and its 2012 Sustainability Report. In April of 2013, the president and chief operating officer of Darden Restaurants was getting ready to report to Darden's board on the company's initiatives in these areas. He knew that the company's diversity and sustainability programs just made good business sense. Darden's commitments to diversity and sustainability were integral parts of the company's corporate strategy; company leaders felt that progress in these areas was critical to the company's growth.

Diversity and inclusion were always a part of the way Darden did business. Darden Restaurants' founder Bill Darden welcomed everyone to his tables at the Green Frog in Waycross, Georgia, at a time of deep racial segregation and discrimination. In addition to opening his doors to all, Darden ensured his labor pool mirrored the cultural fabric of the local community. Like Madsen, Darden not only believed that employing a diverse makeup of workers was the right thing to do, it was good for business.¹

By 2013, Darden Restaurants Inc. had put into effect a number of diversity outreach, supplier diversity, and workforce diversity programs.² In just its supply base, some 10% of Darden's suppliers were women- and minority-owned businesses. In addition, Darden had been named in the "Top 25 Companies for Supplier Diversity" by *Hispanic Business Magazine*, the "Top 60 Companies for Hispanics," also by *Hispanic Business*, the "Top 50 Employers in the United States for Hispanic Women" by *Latina Style*, the "40 Best Companies for Diversity" by *Black Enterprise*, and the "Top 50 Companies for Diversity" by *DiversityInc*.³

In an increasingly global environment, Darden's operations were influenced by a number of macro-environmental factors that impacted the company's bottom line, from rising energy costs and water scarcity to climate change and declining fish stocks.⁴ These issues impacted the availability, cost, and safety of the food supply and other resources the company relied on as well as the company's financials. A single company could not change the world, but as an \$8.6-billion enterprise and the largest full-service restaurant corporation in the world, Darden could make more than a dent. Company leaders ensured Darden was using its scale and scope to transform the landscape within its supply chain to include sustainable practices.⁵

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This case was developed under the supervision of Lynn Wooten, Associate Dean for Undergraduate Programs, at the University of Michigan's Ross School of Business by Research Associate Mary Lowe of the William Davidson Institute. This case was created to be a basis for class discussion rather than to illustrate either the effective or ineffective handling of a situation. The information for this case was drawn from secondary sources.