

Creating Social Value: Grand Circle Travel

Grand Circle Travel: Using Corporate Culture to Create Social Value

- Leadership
- Re-imagining the purpose of the business
- Community building

Building a culture around values

When Alan and Harriet Lewis acquired Grand Circle Travel nearly thirty years ago, corporate social responsibility was an obscure concept in the U.S., and the idea of creating social value was virtually unknown. Alan was way ahead of his time in both arenas: he purchased Grand Circle with the singular goal of creating “*The company: capable of effecting change in the company, the community, and the world.*” Alan recalls: “No one was talking about this stuff back then. Now, *everyone* has a mission, a vision, and values, but in the ‘80s, it was way out there—no one else was doing this.”

Background

Alan and Harriet were already seasoned veterans of the travel industry when Colonial Penn’s Grand Circle Travel came up for sale in 1985. After selling their previous business, the Lewises had been looking forward to spending time with their kids—but they saw an irresistible opportunity in Grand Circle. Alan—in the middle of a family vacation to Florida—actually showed up uninvited to a meeting between Colonial Penn and European tour giant SAGA, offered \$9 million for the AARP-affiliated tour company, and walked out Grand Circle’s new owner.

Today, Grand Circle encompasses the brands Grand Circle Travel, which includes land tours and large cruises, Grand Circle Cruise Lines, which specializes in smaller river cruises; and Overseas Adventure Travel, which runs small-group, culturally-based tours. Grand Circle travels to over 90 countries, employs nearly 3000 people worldwide, and runs locally-staffed offices in 50 countries. In 1992, Alan and Harriet established the Grand Circle Foundation to support education, culture, and community in every nation where Grand Circle travels.

As Alan set out to recreate the company’s culture, he met with resistance from all sides—particularly in writing Grand Circle’s Mission Statement, which listed Grand Circle’s associates as the top priority. Alan recalled, “We really had to battle it out over the mission statement. Everyone said we should have responsibility to the customer first.... I always thought it should be the associates...because if you don’t take care of them...you can forget the customer!”

The unique challenges of running a global travel company were what drove Alan to invest so much thought and energy in developing Grand Circle’s culture. With customers and associates on the ground in up to 90 different countries on any given day, the company was vulnerable to a relentless flow of natural disasters, political crises, wars, or public health epidemics—from Chernobyl to the Asian tsunami; or from SARS to the Arab Spring¹. After 9/11, 40% of American travel companies went out of business. Alan observed, “A plane goes down, or there’s

¹ See Babson College Case # 448-C-11 by Ed Marram, Les Charm and Jesseca Timmons, about Grand Circle’s response to the Icelandic volcanic ash cloud which halted European air travel for five days in 2010.

a bomb—people get emotional; but in our business, we have to deal with this *all the time*.” He was determined that Grand Circle’s culture would be based on his associates’ ability to respond quickly and effectively to crises, and that associates would be empowered to make fast decisions and speak up without hesitation. To foster this culture, Alan created the “Grand Circle Values”, and attached each value to specific behaviors, which associates were trained and encouraged to demonstrate. Alan explained: “When you’re in the middle of a crisis, that’s when the open and courageous communication goes down. Our values aren’t just words on the walls—we live by them.”

Grand Circle Values

- 1. Open and Courageous Communication.** *Looks like:* Speaking up in meetings, asking tough questions, admitting ignorance, swallowing defensiveness, listening carefully, not whining, saying thank you, offering suggestions, stifling gossip, confronting conflict, questioning political correctness, rewarding courage, respecting others’ points of view.
- 2. Risk Taking.** *Looks like:* Trying new things, expecting mistakes, stepping outside your comfort zone, moving forward without knowing the outcome, eschewing popularity, accepting new assignments gladly, embracing challenges, catching others when they fall.
- 3. Thriving in Change.** *Looks like:* Moving forward, turning on a dime, seeking opportunities, embracing chaos, lifting us up, not dragging us down, staying positive, remaining calm, stepping up to help—being part of the solution, no second-guessing, no regrets.
- 4. Quality.** *Looks like:* Reading every passenger survey, considering every suggested improvement, not settling, celebrating progress, knowing the competition, exceeding expectations, holding our own work to high standards, aiming for 100 percent.
- 5. Speed.** *Looks like:* Feeling urgency, setting deadlines, beating deadlines, wearing a watch, answering emails immediately, seeking clarity instead of certainty, not lingering over drafts, fast meetings, full date books, the thrill of the chase.
- 6. Teamwork.** *Looks like:* Sharing knowledge and expertise, stepping in to help, committing to a common goal, accepting responsibility, deferring to greater skill, providing honest feedback, challenging the team, pushing for better results, showing compassion, supporting other people personally and professionally, celebrating success.

Innovative team building

Alan and his team knew that not everyone could cope with the level of stress and constant upheaval that came with the travel business. Any time a world event happened affecting Grand Circle’s travelers, all bets were off—everyone in the company had to scramble to help fix it. One new team member noted that the office changed so frequently that associates kept their files in cardboard boxes! On September 11, 2001—not only tragic day for the world, but a massive catastrophe for travel companies—one member of Grand Circle leadership team, who had been recently hired with “an outstanding resume,” was overwhelmed by the situation, and withdrew from the company. It was a reminder that success at Grand Circle required a different set of skills.

With this in mind, Alan and his team created hiring practices to identify associates who could, above all, think on their feet. Alan explained: “We are looking to create a culture where you have

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different points of view all the time, and it's challenging. Everyone at the company has to be able to hear and understand a different point of view from their own. We need people who can solve problems in different ways, who can think in different ways from each other." Potential hires might be asked to take part in team projects such as designing a way to transport a raw egg, or were observed watching videos of Grand Circle's raucous annual off-site event, Business Works. Their behavior in such situations revealed much more about their personality than a CV or resume.

Once hired, associates are encouraged to develop their leadership potential with regular opportunities for training and advancement. Employee engagement is a big part of the culture, with associates both in Boston and at all overseas offices encouraged to launch or participate in community service and social action projects². In Boston, 95% of associates participate in social causes, including large projects such as the Pan-Mass Challenge, a fundraiser for the Dana-Farber Cancer Institute, and Rebuilding Together Boston, which provide volunteers help for needy homeowners.

Grand Circle is today the largest U.S. provider of international vacations for Americans aged 50 and older. Since 1992, Grand Circle Foundation, funded both by a percentage of Grand Circle's sales and by voluntary donations from travelers, has donated over \$97 million to education, community and cultural causes all over the world, and is a national leader in fostering sustainable social value. Most recently, Grand Circle has revamped the Grand Circle Foundation's web site to enable travelers to track the progress of Grand Circle supported projects and see their donations in action. Thanks to a culture based on flexibility, honesty, and creativity, Grand Circle has been able to thrive despite the disasters which routinely impact business. Grand Circle continues to evolve its strategies for social value creation, including sustainable community social action, educational, and environmental projects worldwide.

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² See Grand Circle B: Creating Social Value, Babson Unpublished Case, written by Ed Marram.