

Challenge Match

The Stakes Grow Higher for Global Leaders

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Daying special attention to the relatively new and unique problems and challenges of global leadership is vitally important for two reasons: power and complexity. Global and multinational organizations have enormous power; their influence and impact shape the world—socially and environmentally as well as economically. An article in the September 2004 issue of *Harvard Business Review*, “How Global Brands Compete,” detailed the results of a study that found that consumers around the world see global brands as so influential that they are responsible and obligated in ways that local brands are not. The stakes are much higher in international business, so people expect more from global lead-

ers. As a result, considerations that once seemed insignificant and that leaders never had to worry about before can make or break a company’s reputation and a global leader’s career—and affect the bottom line.

Consider the following true story:

A newly promoted international sales director, Carl, was criticized by his boss for not meeting sales goals. Carl then conducted an emergency conference call with members of his sales network, who were located in several different countries. The sales network included Carl’s sales managers as well as members of some of the company’s distribution partners. In an effort to be results oriented and



by **Shannon Cranford and Sarah Glover**

to motivate his sales network to achieve better financial results, Carl was very aggressive in his communication, repeatedly taking a bullying line of attack. This tone had been successful for him in the past in getting his U.S. colleagues' attention and impressing on them the urgency of the situation. As Carl delivered this diatribe, he didn't realize that some members of his sales network in Argentina were becoming extremely offended; they felt their value and contributions were being degraded and disrespected. In their culture, professionals simply did not speak this way to one another. As a result, one of the distribution partners ended its relationship with Carl's company and went over to the competition. Other distributors in on the conference call voiced similar concerns about partnering with an organization whose leaders used such an approach.

Eventually the CEO of Carl's company got involved and sent a Latin American executive to patch things up in person with the distributors and reestablish the working relationships; ultimately the conflict was

resolved, and the remaining distributors kept their relationships with the company.

Carl soon realized he had made incorrect and damaging assumptions about what motivated members of his sales network. His actions had been instinctive, automatic, and habitual. After the fact he saw that the stress of the situation had caused him to forget all his book learning about working across cultures. Under the gun he had relied on a strategy that had previously worked in his own culture and context.

Leading globally is extremely complex. The differences between the requirements of leadership at a local level and of leadership at the global level are exponential. In *Success for the New Global Manager: How to Work Across Distances, Countries, and Cultures* (Jossey-Bass, 2002), Maxine Dalton, Chris Ernst, Jennifer Deal, and Jean Leslie refer to research that found that all managers whose responsibilities are limited to a single country must be able to manage action, information, and people; must have business knowledge; and must be able to cope with pressure. The authors go on to explain how each of these managerial requirements mushrooms in complexity at the global scale. The basic leadership processes of setting direction, generating alignment, and maintaining commitment are all harder to do across cultures, distance, and time. In other words, it's *the same, but different*. There are more inputs to decision making and they often overlap and conflict with each other, and the outputs have more consequences and must please more stakeholders. There's more ambiguity and potential for crossed wires, which can slow productivity, diminish morale, and result in conflicts that waste time and social capital.

Planning for complexity and uncertainty includes understanding and paying attention to potential dan-

gers and to who all your stakeholders are. Because of the volatility of global business, leaders can't make decisions ahead of time, but they can research the choices and possibilities, familiarize themselves with the issues, and plan for different scenarios. If they do these things successfully, when the pressure is on they won't have to struggle with each question for the first time—they will be better informed and can focus on adding new data from the immediate context to their decision-making process.

SIX THEMES

What are the specific challenges faced by global leaders? To shed some light on this question, CCL conducted interviews with forty senior global leaders from thirteen countries in Asia, Europe, the Middle East, and North America. Although this study had a small sample, it is just one part of CCL's research aimed at understanding the issues and problems inherent in global leadership. The leaders were asked to describe their best and worst experiences in their global leadership roles and to give advice and opinions about how to lead in a global setting. Analysis of the responses revealed six common themes, which complement previous research in this area:

- Managing the relationship between corporate headquarters and local offices
- Understanding and managing external forces
- Handling cultural conflicts
- Adapting one's own behaviors
- Creating shared goals and implementing shared work
- Communicating across barriers

As the world of international business touches more and more lives and as technological changes continue to enable quick decisions (and equally quick repercussions), all managers in

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all organizations can benefit from building a greater awareness of the challenges inherent in global leadership roles. The lessons to be learned are about interdependence, paradox, and priorities.

Managing the Relationship Between Corporate Headquarters and Local Offices

This challenge involves balancing operating under dynamic local conditions with protecting the organization's overall welfare. Leaders at all levels tend to feel the tension between the demands of global consistency and local differentiation. A regional director in a multinational corporation, for example, must follow global mandates that come from the top but still take into account the local context and the concerns of local employees.

One of the interviewees in CCL's study described the instructions he received from his company's U.S. headquarters during a round of layoffs, telling him to let go of contract employees first. This would have made sense in the United States, where there is less organizational commitment to contract employees than to permanent staff. However, the instructions violated accepted practice in other countries where seniority counts more, regardless of employment status (contract or permanent).

How can global leaders manage the inconsistencies, conflicts, and continual adjustments arising from the combined global and local contexts so that their organizations continue to thrive? One way is to avoid taking a one-size-fits-all approach to setting global strategies that must be implemented regionally. Local offices should have the flexibility to integrate themselves according to the customs of the regions in which they are located. Setting norms or guidelines that allow both headquarters and local offices to give and receive input on decisions can help achieve this

flexibility. A corporate code of conduct that applies to all locations can also be a useful unifying and clarifying tool. It is critical to learn both the local laws and the informal customs for doing business in all the countries where your organization operates, even when international law or your global corporate culture supersedes local ways of doing things. You will at least learn what local employees are used to and may expect. You can also use this knowledge to develop your negotiation skills and your skills as an innovator.

Ask and listen. Observe reactions to and comments about corporate decisions and communications. Find out how corporate messages are understood and misunderstood in each location. Ask how policies set by headquarters might be different if the headquarters were in a different country.

Although recognizing the need for appropriate degrees of adjustment to local business models and workforce expectations is important, it is equally important to recognize the external forces at play that can affect organizational performance.

Understanding and Managing External Forces


Effective global leaders must recognize the various governmental, legal, historical, and economic factors that can influence how the organization operates. Even though leaders usually have little if any control over these factors, they must be taken into consideration when setting global and regional strategy so that appropriate tactics can be applied and executed according to local conditions.

One of CCL's interviewees with global leadership responsibilities in several countries emphasized the importance of being able to navigate through common business challenges such as exchange rates and international and federal issues related to

trade balances, national policies, and the current political landscape. Global leaders must learn to make decisions in ways that mitigate any negative effects these external forces might have on a company's ability to do business.

One U.S. interviewee working in South Korea shared the following perspective:


One of the first things I would warn about when doing business in Asia is that there are significant dif-



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ferences country to country as far as their development level. There are a lot of national rivalries, a history of invasions and domination. The different levels in individual skills and abilities country by country are related to the economic maturity of that particular country. For example, if you have a group of people from mainland China versus a group of people from Singapore or Hong Kong, there's going to be a very wide gap between skill sets.

Managing effectively in the face of pressure from external forces is one area where book learning can help global leaders. They can find out which external factors affect the strategy and operations of their organization in each location. These factors include governmental, legal, political, and economic conditions. Awareness of current sociopolitical issues and historical contexts in the different regions is important. These are the types of issues that affect the way



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decisions are made and the ability to do business. At the same time, it is important to not rely solely on official, written information. Ask people in different locations about their experiences and strategies for success.

Leaders must also avoid the mistake of looking at the economic factors too broadly and thinking of the countries in Europe or Asia or North America as homogeneous.

Handling Cultural Conflicts

Effective global leaders learn how to detach somewhat from their personal beliefs without losing their core identities. Priorities and values differ

across cultures but don't have to lead to conflict. Effective global leaders also learn how to leverage different perspectives and turn them into opportunities for better meeting organizational strategy.

A Turkish manager working in Belgium explained this approach:

There are different paces in different countries, different maturities of your customer base and of the local management, so when you lead in different countries you have to take care of those differences. There is a velocity that is different by country, which sometimes you need to harmonize; there are skills that are different. When I think of my colleagues working in Russia, by no means can they sell the most advanced products to that market. Meanwhile you are a stock-traded company and you need to communicate with your stakeholders and to communicate those differences and manage expectations as a global leader. To simplify the image, if you think of different countries as wheels, they run at different speeds, and you need to harmonize that and understand the differences.

In managing cultural conflicts, there is also the question of how effective leaders can be when facing fundamentally different norms and behaviors in working with people from different regions of the world. A Spanish executive working in Japan explained the difficulties of managing through the discrimination against women that still exists in some countries while keeping her organization's best interests in mind:

I was involved in negotiating local contracts and restructuring the operation. In the Japanese culture there is no room whatsoever for a female executive to deal one-on-one with her counterparts. They absolutely ignored me. I let the regional director lead negotiations and I took a back-seat position. I would instruct him before-

hand about the conditions I wanted and then sit and watch the negotiations. I was very uncomfortable and I was naturally furious, but I was there to achieve certain results. Training courses don't prepare you for that. They are always about learning to find common ground and turning differences into something positive. They don't teach you about the real conflict you will find as a global manager and what actions you need to take.

How can leaders wade through differing cultural behaviors effectively to achieve results that are best for their organizations? Here are some ideas:

- Espouse respect for cultural differences as a corporate value, so that this respect is explicitly sanctioned across the organization.
- Foster a climate of learning through initiatives—such as establishing communities of interest or sponsoring open discussion forums for sharing knowledge—that create cultural knowledge assets across the organization.
- Look for similarities first rather than differences.
- Link any cultural awareness or diversity initiatives to the strategic objectives of the organization. This enables staff at all levels in the company to better connect cultural diversity to organizational decision making and thereby their own work.
- Establish a relationship with mentors; lean on others who have the experience and knowledge to provide guidance and advice.

Developing the ability to skillfully manage cultural conflicts can also help leaders develop the capacity to adapt their behaviors to the composition of the workforce.

Adapting One's Own Behaviors

Most global leaders can relate a story about a time when they had to consciously change particular behaviors

to adapt to a different culture or region. All of CCL's interviewees had some comment about the necessity of being open-minded, understanding the culture you are in, or having an international mind-set. How does one notice one's own ingrained habits, recognize the need to change them, and then actually make changes?

An American global automotive supplier, for instance, changed the type of car he drove in deference to his biggest client. A Dutch manager working in a regional office in the Middle East said he adapted his overall management style. He had always been a hands-on type of manager but now stands back more and lets his local managers do the hands-on work. He said the challenge was to find an appropriate level of steering that would be helpful while not interfering on a day-to-day basis.

Here are some other ideas for adapting your own behaviors:

- Get feedback on your behavior, both as it currently is and on your attempts to change it. Ask specific questions.
- Practice changing your behavior. Learn a new skill, whether at work or as a hobby. Implement new habits you have wanted to develop, and practice being adaptable. When appropriate, try another person's way of doing something just for this purpose.
- Allow your plans to be changed at the last minute.
- Notice what helps or hinders you in adopting new behaviors.
- Observe others for reactions when you are interacting with them, and consciously adapt your words or deeds to match the cues they give you (for example, boredom, impatience, or interest).
- Find and study a role model or mentor. Is there someone already displaying the kind of behavior you want to display? Observe that person keenly. Get to know that person, if

possible, and ask how he or she goes about producing this behavior.

- Travel and put yourself in new situations.
- Consider putting yourself in the situation of being a minority if this is not an everyday experience for you.
- Reduce stress whenever possible. Stress and pressure can cause you to revert quickly to old habits, and they also limit your ability to observe and absorb new information.

Creating Shared Goals and Implementing Shared Work

Sometimes shared goals and shared work involve deliberate strategies used to bring different groups together across cultures or locations, and sometimes they are simply a fact of life.

Several of CCL's interviewees related experiences in which shared goals or projects were successful either despite of or because of global diversity. Such goals and projects included events as simple as meetings and gatherings held to jointly celebrate something, such as the launch of a new brand. One interviewee, however, described how complex projects that involve people in different locations can result in differing agendas and perspectives. The result is often a gradual departure from the overall objective.

To establish a strong sense of shared goals and shared work, it is important to take a number of actions:

- Effectively communicate the big picture—what the larger goals are and the reasons for pursuing them. This helps employees better connect their work to the common goals and objectives of the organization.
- Keep the overall goal clear and simple enough that it can be repeated and restated by everyone involved.
- Tie each goal or task to larger goals that group members share.
- Consider developing and implementing a structured method of par-

ticipative decision making. Deciding by majority vote is one method, but for some situations—particularly those that involve diverse groups of people from different locations—it is important to establish a method of gaining consensus. It is important to facilitate a group's ability to reach common ground and attain buy-in from all involved.

- Clarify the situations in which shared goals and shared work are appropriate. Elucidate who is in charge of making decisions and who will be rewarded or penalized for specific outcomes. Create joint accountability for tasks and goals—teams should be rewarded or reprimanded as groups.
- Take time to celebrate shared accomplishments. Demonstrate that the organization values shared work. Be careful to not underestimate the importance of team building. Recognize that any time someone




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joins or leaves a team, it becomes a new team. Diversity can be a great asset for teamwork—for innovation or

problem solving, for instance—but it requires more time for team building.

Communicating Across Barriers

Sometimes it can feel as though there are more barriers than openings in the landscape of global leadership. The most common barriers that can trip up global leaders are not necessarily related to geography, with all its varying legal and political restrictions, but to language and culture, which can hinder effective communication. CCL's interviewees identified barriers of distance, geography, time



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zones, language, and culture. Effective global leaders recognize the barriers to effective communication and learn to either eliminate them or work around them, resulting in common understanding and clarity of communication.

A U.S. executive working in Korea elaborated on the implications of working across time zones:

When everyone is operating in his or her local time zone, you have a twelve-hour or worse time difference. You have people operating with “morning mind” and others with “late evening mind,” and my experi-

ence is that this can affect things profoundly as far as the energy of the participants.

A Dutch executive working in the United Arab Emirates had a more positive view of working with colleagues in other time zones:

I thought that working across different time zones and by telephone and video would be a pain, but I have found that if I have a bit of telephone and computer discipline, I can download data and e-mail to my computer before I board a plane, then work on the plane, and when I arrive send messages. I thought it would be a nightmare; however, I am surprised that it works well. Taking advantage of the tools available to work as a virtual team is key. I set rules with my colleagues to respect one another's time. I use technology and try to see the human person on the other end.

Communicating across barriers is one of the more obvious challenges of global leadership and the activity that can have the most impact when managed effectively. It is critical to communicate objectives and expectations in an explicit manner to ensure common understanding. Be clear on your targets, goals, and expectations. Leaders should make a conscious effort to pause and ask such questions as “Does everyone understand what I mean when I say . . . ?” A leader's ability to reach beyond communication barriers is a fundamental element of a global mind-set.

A Turkish manager working in Belgium explained this dynamic:

If I ask a Belgian to draw a tree and a German to draw a tree, they would draw a tree but each would look very different. And neither is what the customer needs. Having common objectives and understanding the same thing when you are man-

aging people in different countries is one of the most important things.

Some organizations find that a clear, explicit global protocol for e-mail communication—for example, guidelines on who should be included in the address line in order to respect cultural norms regarding hierarchies—helps managers avoid frustrations.

Also, the burden of working across time zones should be shared. If one team always seems to be taking calls in the evening, try doing it the other way around half the time.

A WAY OF LIFE

CCL's research also found that leaders in different regions differed in their main challenges.

- European leaders reported challenges in the communicating-across-barriers category more than leaders from other regions did.
- U.S. leaders identified understanding and managing external forces as their most frequent challenge.
- Middle Eastern leaders said their most common challenges were communicating across barriers and managing the relationship between corporate headquarters and local offices.
- Asian leaders reported a comparatively even distribution of the common types of challenges.

CCL's study underscores the fact that managing complexity is simply a way of life for global leaders. The potential to be overwhelmed is as great as the potential for impact. Though many factors are outside global leaders' control, these individuals are still in positions of enormous influence. The bottom line is that it's all about knowing what to pay attention to—being prepared in the face of the unknown and quickly making sense out of confusion in order to gain global agility. ♪