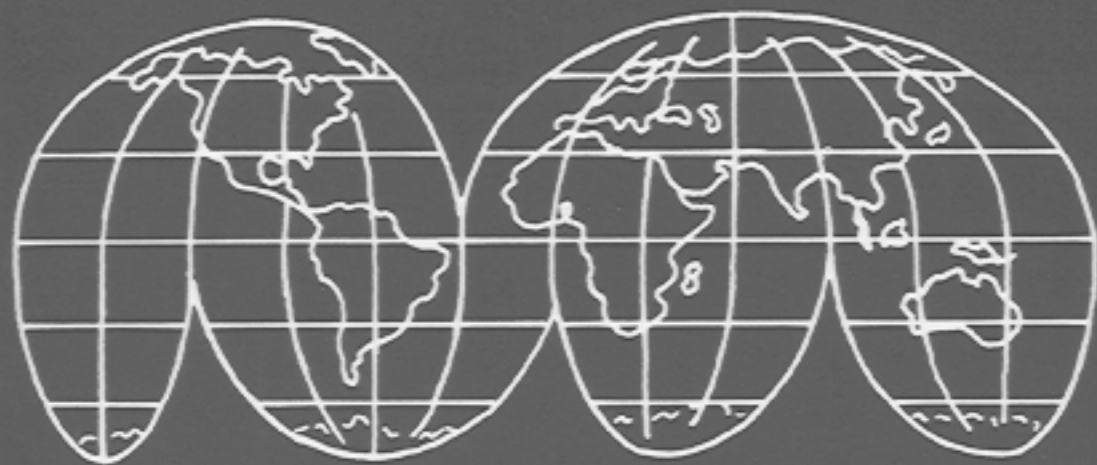


Globalizing Management

Creating and Leading
the Competitive Organization



Vladimir Pucik, Noel M. Tichy
and Carole K. Barnett
Editors

2

Leadership Development as a Lever for Global Transformation

Noel M. Tichy
Michael I. Brimm
Ram Charan
Hirotaka Takeuchi

If there's anything we've learned it's to give equal time to both the program's project and the globalization experience. If you walk away from this with an excellent project completion, but don't know how a Frenchman lives, don't know why a Japanese businessman gets promoted, haven't tasted sushi, haven't ridden in the British subway, you've blown it.

QUOTE FROM A SENIOR EXECUTIVE PARTICIPATING IN
A GLOBAL DEVELOPMENT PROGRAM

Introduction

In the last decade, global development has become a fundamental challenge to the competitiveness of all corporations operating in the international environment. We contend that traditional training and development approaches fall dangerously short of the requirement for effective global operations. It is time to relinquish conventional wisdom and teaching technologies so that we can start transforming how we think about human resource development in the new age.

The 1990s are a time for action. The business playing field has been radically altered and the stage set for its global transformation. The key differentiator for the 21st century corporate winners will be the effectiveness of the human organization. Winning companies will be led by true globalists, individuals who have:

1. A global mindset—those who can conceptualize complex geopolitical and cultural forces as they impact business.
2. A well-honed set of global leadership skills and behaviors.
3. An ability to build effective cross-cultural teams.
4. The energy, skills, and talents to be global networkers.
5. Skills as global “change agents.”

These global winners will be able to “glocalize,”¹ that is, they will be able to use both the muscle and scale of the global giant and act as a local supplier to customers. People development is their key investment during this decade. The human capital challenge is immense. At the core of this challenge is development of a sufficiently large global leadership cadre to lead these institutions into the 21st century. Leaders need to be able to successfully tap into and help create these networks. The remainder of this chapter details an American corporation’s unique approach to using development as a lever for global leadership transformation. The change agenda involved a duality: both developing individuals and transforming the organization. The story provides us with insight into what it will take in the 1990s to rapidly create global leadership for the 21st century.

Globalizing High Tech, Inc.

This high-tech company is the world’s leading producer in its field, with sales of more than \$3 billion and a work force of approximately 17,000 employees. It has one mission: to become the undisputed, worldwide *leader* in its industry. This objective is being accomplished by maintaining its technological leadership while becoming a low-cost producer with high quality, responsiveness, and strong customer orientation. In the 1980s, High Tech sought rapid globalization through a strategic alliance with an Asian company and the acquisition of a European business. The most challenging aspect in this pursuit has been the development of people and the creation of a global organization.

It would have been a significant challenge to transform the business toward a marketing orientation with global cost competitiveness. This is because of the history of strong U.S. orientation where engineers provided state-of-the-art technology in a protected domestic industry.

Globalization became even more challenging with High Tech's acquisition of almost 6,000 Europeans. A year earlier several thousand Asians had their organization shift from a 50/50 joint venture to one that was 80 percent American-owned and, hence, managerially controlled. This massive integration of the highly diverse European, American, and Asian cultures along with the radical transformation of the business itself made the human story of the corporation's transformation a fascinating case that captures much of the global dynamics in recent business history.

A series of strategic decisions were made regarding the distribution of products among the design and manufacturing facilities.² Other operating issues also had to be settled: integration of the functions of sales, service, marketing, financial accounting and reporting, and employee relations. The corporations needed to develop ways of communicating these changes and the rationale behind them to employees, customers, and governments.

Reaching these critical, strategic decisions to develop a global business with three organizational poles (Europe, Americas, and Asia) was much easier than implementing the strategies. The new global organization required global leadership and dramatic changes in human dynamics.

The CEO established the concept of a global leadership system to help transform the business. He called in a core faculty team headed by the authors to work with some of his own senior management in designing what was to become the Global Leadership Development System. Its aim was simultaneously to help reshape the entire business and develop leaders.

The major planning for the Global Leadership Development System occurred in February 1988. The authors and the top management at the company determined the need to develop the participants' global leadership skills, integrate the necessary global networks, and create an ability to develop teams across the three poles. The new design made use of a temporary system, one in which teams of Asians, Americans, and Europeans worked together for almost a year. These tasks were in addition to ongoing responsibilities. These projects were designed to address the "soft" issues of global teamwork, global mindsets, and global leadership while delivering on the key "hard" strategic tasks given to the teams. Figure 2.1 provides the rationale for the Global Leadership Program.

Teamwork at the Top

At the core of the global leadership system is the top management team. Its executives need to lead and guide the process while also striving to be good role models for global managers. When we started, the top team was not prepared for this task. The team had new members; there was a great deal of provincialism; walls, barriers, and interpersonal conflicts abounded; the team itself had not functioned in an integrative fashion. It was not surprising

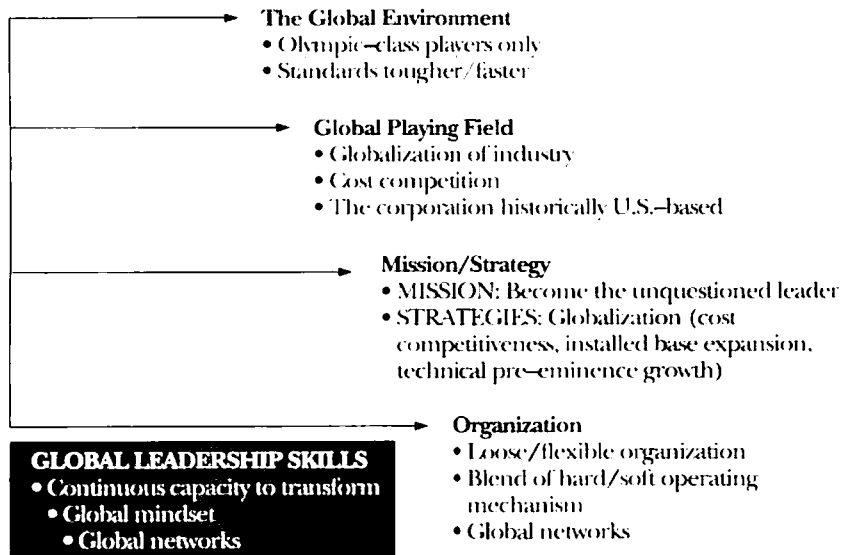


Figure 2.1 Global Leadership Development.

that a great deal of team building at the top level was a prerequisite for deeper organizational change.

The process started in a three day off-site meeting of the top team and the faculty. Prior to the session each executive was given extensive pre-work assignments. Each participant was asked to articulate a vision of the company in the 1990s by writing a journalistic scenario of the future organization. These scenarios were shared and the themes summarized ahead of time to prepare a discussion of their differing views. Also during this session, the top team looked at its own interpersonal processes. Each person received feedback from every one of his colleagues on the team about things they needed to do *more of*, *less of*, and how to *continue* to be effective global leaders. Contracts were negotiated among members and specific leadership goals were set for each one.

The top group had become deeply committed to the global leadership system. Members selected key projects necessary to globalize the business so that in June 1988, the top 55 people from Asia, the United States, and Europe could begin the process by participating in a temporary system designed to bring about faster global integration while developing global leaders. The first set of projects included:

1. Improvement of competitive analysis
2. Cycle time reduction

3. Global career issues
4. Product quality and customer satisfaction
5. Worldwide product planning system
6. Management of new technology

The Program participants were formed into multi-cultural teams of six to eight individuals. Each team had a specified set of objectives to be completed within nine months, which would have impact on the total business. They would work on these projects in addition to performing in their regular jobs. Each project team was coached by a member of senior management who was there to work on the “soft” issues of teamwork and leadership but not lead the harder tasks of global achievement.

The essence of the global leadership system is a belief that the best individual and organization development occur simultaneously. The core concept is “compressed action learning.” The teams are given real problems to solve. They have coaches and structured assignments so that as they work on the real problems, they are also self-consciously working on their leadership skills, team skills, and global networking skills.

Figure 2.2 outlines this intense action learning process. It includes three workshops along with ongoing team and project work, although participants simultaneously carry on their regular jobs.

Figure 2.3 portrays the GLP experience as an emotional “frame breaking” experience. There are pressure points, highs, and lows throughout the life cycle of each GLP.

Workshop I: The Launch of the Global Leadership Program

In June 1988, the first GLP was launched with 55 top-level managers from around the world meeting in Europe. The week was designed for group members to get familiar with the vision of the business, launch their strategic projects, begin building high-performing global teams, focus on personal leadership skills, and plan project schedules for the coming year.

The event was complex and emotionally charged with cross-national and cross-functional problems. Many of these people had never met before. It had been only months since the European business had been acquired. Resentment and resistance surfaced. The Asian business was further along in its integration, but residual resentment was still evident. Many American managers were feeling unsure of their own futures, facing difficult decisions about the location of “centers of product excellence.” These decisions would result in downsizing of the headquarter’s engineering and manufacturing capacity in the U.S. headquarters.

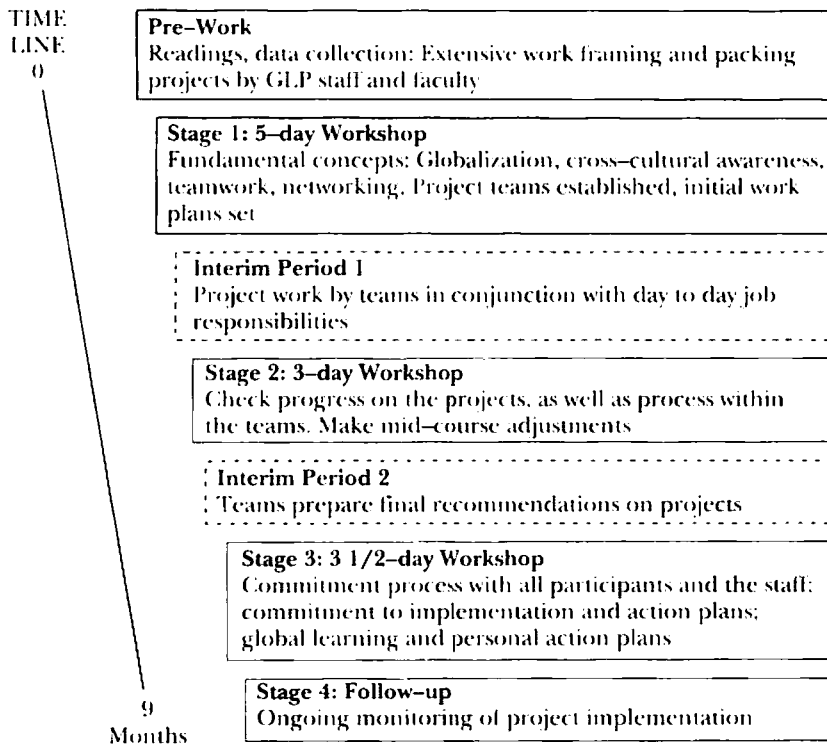


Figure 2.2 Program Overview.

At the start of the week, participants were confronted with multiple cross-cultural issues. The group included Americans, Japanese, and a number of Europeans. Divergent company cultures were brought together in the globalization effort. An additional emotional challenge at the European company was the feeling of just having been acquired. At the Asian company, managers were still unhappy with its American majority ownership. The group was being told that, in order to win globally, they were going to have to be team players. The complexity was heightened by language problems. Throughout the week simultaneous translation was used to facilitate communication.

During the second day, with attitudes quite negative and people still feeling anxious, an emotional breakthrough was precipitated by shifting the group into an outdoor setting for some "outward bound"-type activities. Such physical team activities are widely recognized as metaphors for communication, problem solving, and teamwork. Here the activities were additionally used as a carefully planned social technology for integrating the group. Ultimately, the group came together as it coped with the competitive challenge of people climbing over a fourteen-foot wall just by using their bodies to help each other in a race against time. By the end of the afternoon, there had been much

CRITICAL INCIDENTS FOR PARTICIPANTS

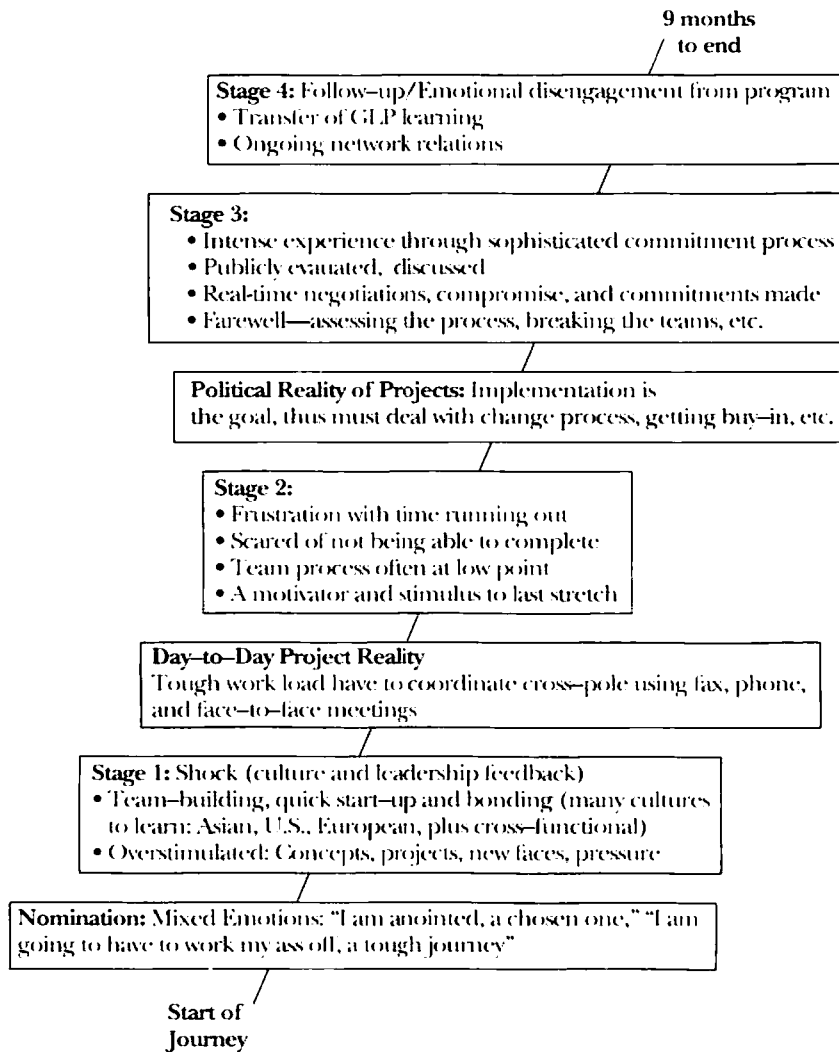


Figure 2.3 The GLP Journey: An Emotional Framebreaker.

The GLP is an intense, cross-cultural development experience. Learning is by doing under pressure. It is akin to a "cultural outward-bound" experience. People and teams are pushed beyond their perceived limits to achieve breakthroughs in performance.

laughter and fun and people were tired from being physically pushed. But it was clear that they had for the first time broken through many of the national and company cultural barriers. They were ready to move back into the workshop setting; struggle with engineering, manufacturing, and marketing problems; begin to build the teams; learn about issues of globalization; and link

up with their coaches who would be working with them for the following year on projects. When they returned to their regular jobs, they could continue to learn through working globally with their team, as project completion depends on coordinating, communicating and making decisions with people in Asia, Europe and the U.S.

The week ended with action plans. In addition, team members provided feedback to their team members in the following terms. In order to make you a better global leader, you need to do more of these behaviors, less of these behaviors, and continue doing these behaviors.

The goal was to help develop each person into a better global team member and leader. These feedback sessions (which occurred several times throughout the year) were some of the most powerful vehicles for individual development.

After approximately five months, the teams reconvened for a three-day event that turned out to be the most emotionally charged and difficult of the workshops.

Mid-Program Frustration

It was clear as we worked with the participants that they were reaching very high levels of stress both personally and professionally. For the first time in many of their careers, they were doing extensive international travel. Globalization had introduced individuals to jet lag and placed intense time pressures on them. Global activities were cutting into their local domestic teamwork, as they often had to make trade-offs between day-to-day activities and their global project commitments. They were having to re-examine the whole process by which they managed their personal time and the way they handled groups, teams, and the organization around them. Many of the participants resented having to meet in Tokyo because it would consume another week and weekend to deal with the global leadership program. On the other hand, many of them looked forward to visiting Japan and knew they needed help in managing the process.

All these emotions became evident in this meeting. As Figure 2.3 indicates, there was frustration and anxiety over the project, team process problems were emerging, and the predictable dynamics of mid-program frustration erupted.

In the following months, the pressure built. The final meeting was held in the United States. Here, each of the seven teams presented the results of their work. This event was not "show and tell" or a "pitch," but a "here's what we, as senior leaders in this business, are going to do and want you to do to resolve this problem." Therefore, it was designed as a *commitment event* at which the aim was to obtain the commitment of the top team as well as the other 55 people in the program. It was an event in "real time" where

compromise, problem solving, and decision making took place. It represented a true global process where leader development interfaced with real-world problems.

Final Global Leadership Program Workshop

A very unique design was created for the final workshop. It was one which required the participants to behave as role models in a global organization. It was designed to model a fundamentally different global decision-making process. The 55 participants along with the 10 members of the Senior Management “top team” participated in a process of gaining commitment and advancing the implementations in the seven project areas. The design aimed to provide active dialogue, modification of recommendations, and a sign-on by all 55 participants plus the “top team.” Each strategic area had a half-day session dedicated to the presentation with discussion and commitment. The process was radically different from the old way of doing things.

Table 2.1 contrasts the past “old way” with the global leadership “new way” process.

Impact of GLP

At the end of the first year, the participants in the Global Leadership Program (GLP 1) were asked to write about the learnings that they hoped to carry

Table 2.1 Leadership Processes

| OLD WAY | NEW WAY |
|---------------------------------------|--|
| No reports ahead of time | Written report prepared for everyone |
| No preparation by nonpresenting teams | Reading and preparation ahead of time |
| Formal presentation—a “pitch” | Minimal form presentation or “pitch” |
| Passive audience | Thorough discussion/ debate by all Real-time modification to improve recommendations |
| All energy focused on the boss | Total GLP commitment and buy-in to make change happen |
| No one has ownership | Continuous learning and development |

forward from the program into their everyday work. Several themes emerged across these responses. One was a heightened awareness of their perceptions of the cultures and customs of people from other poles. Individuals had learned to respect and cooperate with those differences. The Asians and the Europeans found it was easy to let the Americans dominate team discussions, but that in doing so the interest and input of others was lost. It was observed that all participants really wanted to do a good job on the projects, though they varied in the ways they went about performing tasks. Many were surprised at the amount of time and effort necessary to really make the process work (e.g., team work, real two-way communication).

In the end, participants realized the long-term benefits of the program. They found that globalization would be a long journey and that patience was a key success factor. Quotes from several participants, each of whom wrote a “public” letter to the next group of GLP participants, offer insight:

If there's anything we've learned about the process, it's to give equal time to both the project and the globalization experience. If you walk away from this with an excellent project completion, but don't know how a European lives, don't know why an Asian businessman gets promoted, haven't tasted kimchi, haven't ridden in the British subway, etc., you've blown it.

Globalization or global brains is the ability to make global decisions—not domestic decisions that can be translated into the local language. To be global, you must know how the other poles think, what their customers want, and, basically, what makes them “tick.” To be successful at that, you must understand the basics for their being. This isn't as complex as it sounds. Just talk to them as colleagues, not aliens.

Ensure that there is social time for your group. Force the group to do team activities (dinner, train ride, visit the fish market). Allow and demand that your colleagues from other poles use their native language. Never say “his English isn't very good” because, conversely, your Chinese probably sucks. Visit each other's homes as much as possible. Learn “how the other guy lives.” Invite criticism during your team sessions and accept it well. Be honest in your assessment of others. Don't let “kindness” cloud your discussions. When you're in a crowd, look around. If your crowd consists of colleagues from your pole, change crowds. Most of all, don't look at this as a project assignment or you'll be wasting your time.

In addition to the Global Leadership Program, High Tech has established several other programs and actions to bring about globalization. One was to

send ten of the corporation's "best and brightest" from each pole to another pole as part of an overall expatriate program. A Global Human Resource Programs Manager position was created. To fill this role, a manager from the European company was brought to the U.S. headquarters. The position of Manager of Human Resources was established in the European company and filled by an American from headquarters who was fluent in the local language. In addition, a Worldwide Planning Council was formed.

GLP I was followed in June of 1989 with the launch of Global Leadership Program II. The goal was to involve more and more managers in the globalization process. This time, 14 people from Asia, 20 from Europe and 23 from America were asked to participate. The presentation and commitment session for GLP II occurred in December 1989. GLP III was held in December 1990, and GLP IV in the same period in 1991. The GLP provided the foundation for continuous cultural learning and development along the globalization journey.

Through all these efforts, large numbers of people were learning to become personally sensitive to different cultures and to be willing to accept different approaches to problem solving. They were learning to deal with the paradox that it was culturally wrong to bend over backwards to accommodate differences and wrong to assume that one cultural way of doing things was best. It had become clear to those in the European and Asian corporations that learning about the American corporate philosophies and accepting them as their own was going to take time. Managers from all countries were understanding that globalization was truly a journey—a cultural journey—far more profound than traveling around the world.

Long-Term Impact of Global Leadership System

The process described above has some subtle and deep organizational development implications. On the surface, 50 to 60 senior executives were going through a six- to nine-month development experience with three workshops and projects on which they worked. At the end of that period, they had made progress on their projects and enhanced their global team and leadership capabilities. However, at a deeper level, their mindsets had been altered as they had been challenged to frame global issues and resolve them in an intense, cross-cultural experience.

Our research has shown that the social networks in the business have altered dramatically over time for people participating in a Global Leadership Program. Real changes have occurred regarding the network with which they interact to acquire the information that influences their global decisions. In addition, a cadre of leaders with global coaching skills is being developed. First, these skills are developed for the senior management group. Subsequently, each program selects an additional seven managers to become coaches

TOP MANAGEMENT

- *Provides a Global team-building process*—GLP forces teamwork through selection of projects, guidance of program, and commitment to take action
- *Provides a tool for developing global leadership skills*—group staff are tested and learn as leaders in a global contest
- *Provides global role models*—the group is on stage in the final workshop, making decisions publicly and demonstrating global leadership

ORGANIZATION

- *Provides an R&D lab* for new global behaviors; experimentation and learning are key to GLP
- *Global networks* are formed and reinforced
- *Global culture* and shared values are developed
- *Global information sharing*—best practices
- *Provides an assessment mechanism* for succession moves
- *Brings out external viewpoints/benchmarks* from global faculty

INDIVIDUAL PARTICIPANTS

- *Develops a global mindset*—new ways of framing business power
- *Global leadership skills* practiced and developed
- *Global team skills* practiced in program
- *Global networks* are formed among participants across the three poles

Figure 2.4 GLP “Soft” Impact on Management, Organization and Individual Participants.

in later programs. Coaching skills are increasingly important as the management mode for global organizations of the future.

The GLP has had both “hard” and “soft” impacts on the corporations’s organization in terms of the implementation of changes coming from projects. New product development processes, technology transfer across the globe, marketing changes, and time-based telecommunication systems represent the hard issues. The other impact has been on a multidimensional set of “soft” people and cultural issues. Figure 2.4 provides a summary.

The global leadership process outlined here is transferable to other organizations. Several other companies, including some in Japan, have launched similar processes. *The core concept of a senior group simultaneously driving leadership development and organizational transformation is the key.* Other keys include the use of compressed action learning and intense cross-cultural team creation and problem solving. Figure 2.5 provides a summary of the building blocks and their effect on the goals of the GLP.

It is the careful blending and mixing of these building blocks that provides the high impact experience outlined in this chapter. Over time, through research and clinical practice, ways of improving existing elements and the invention of new building blocks will become clearer. In the interim, High Tech’s results are exciting and encouraging in the context of a cross-cultural, individual, and organizational development effort in a global company.

| <p style="text-align: center;">IMPACT SCALE</p> <p style="text-align: center;">○ = Little or no impact ○ = Moderate Impact ● = Strong Impact</p> | | | | | |
|---|-----------------|-----------------|-------------------|-------------|----------------|
| | Global Projects | Global Mind-set | Global Leadership | Global Team | Global Network |
| Building Blocks | | | | | |
| GEMS Top Team Leadership: Ownership of the projects, selection and sponsorship of participants and full involvement in the commitment process. | ● | ○ | ○ | ○ | ● |
| Cross-Cultural Faculty: Multi-cultural, multi-lingual, multi-disciplinary faculty leading the process. | ○ | ● | ○ | ○ | ○ |
| Coaching Role: Each team has a process consultant—someone selected and trained from the previous GLP—who coaches the team. | ● | ○ | ○ | ● | ● |
| Process Learning: Team building activities including “outward bound,” learning about high performing teams, systematic attention to feedback for each other. | ● | ○ | ● | ● | ● |
| Learning Feedback Loops: Collection of data feedback to GLP participants. 1) Survey pre-GLP (self and others ratings of global leader behavior). 2) Team members provide feedback. 3) Coaches give feedback. 4) Another team analyzes and feeds back data. 5) Research team collects data and feeds back as part of program. | ○ | ○ | ● | ● | ○ |
| Commitment Processes: Throughout GLP, individuals, teams, and the total group actively, publicly use processes for contracting and making “who, what, and when” commitments. | ● | ○ | ● | ○ | ○ |
| Concepts/Ideas: The GLP faculty present participants with new conceptual tools dealing with GEMS’ global strategy, global operating mechanisms, time-based competitiveness, process loss, change process, and leadership. | ○ | ● | ● | ○ | ○ |

Figure 2.5

Notes

1. This is a term coined by such Japanese companies as Sony to emphasize the paradox of globalization: the need to be big and global while acting small and locally responsive.
2. Product line responsibilities were shifted, and the European, Asian, and American corporations each received R&D and product center responsibilities. This meant that product lines were discontinued and R&D centers restructured.

Global Development

Noel M. Tichy

A Framework for Global Development

If organizations and their leadership are required to play at intense “Olympian” levels, then traditional training and development cannot be the vehicle to prepare for quantum human system change. In a world where time-based competitiveness calls for very deep, multidimensional, people development approaches, the core concept for effective global development is “compressed action learning.”

Compressed Action Learning

Human resource professionals face the same challenges as the companies they are serving. Cycle times must come down on everything—developing products, responsiveness, customer service—at the same time that higher quality and greater-impact services and products are provided. Compressed action learning is a vehicle for people development. It occurs with much shorter cycle times than traditional approaches to learning, while simultaneously having higher-impact and higher-quality developmental interventions. It is frame-breaking. Development in the new era must be seen simultaneously as an individual transformation lever and as an organizational transformation lever. This requires a new framework: blending management development with organization development.

Organization development has traditionally focused on cultural change at the group and systems levels, whereas management development has given attention (primarily cognitive) to skill development. One of the major problems with management development has been the difficulty of transferring learning when individuals go off-site, acquire new mind-sets and skills, and then return to the same social system where the new ideas have little or no impact. The problem with organization development has been one of scale.

Customized workshops and processes have been able to create some powerful social technology for change, but in large organizations they have had little impact. Thus, there are deep challenges in combining economies of scale and development impact. These are only heightened by the need for faster and faster cycle times. How can individual and organizational transformation be managed effectively in such circumstances?

Figure 11.1 lays out the Tichy Development Matrix. It shows the core dimensions necessary for reframing the development challenges in the 1990s. This figure deals with the depth of the intervention. As interventions become deeper, they move from a focus on developing (1) awareness and (2) cognitive and conceptual understanding to (3) actual skills, (4) new problem-solving approaches, and ultimately to (5) fundamental change. The level of risk goes up at each stage. More time is required to make the deeper intervention happen. A simple analogy helps to clarify the process.

The development of musical ability is a useful metaphor. To train someone in music, a reasonable first step might be to develop awareness and appreciation, for example, a music appreciation course. The second step, cognitive understanding, would involve learning how to read music. The third step, developing skills, would involve using concepts to synthesize knowledge and motor activity—to actually play an instrument. The fourth step, new problem-

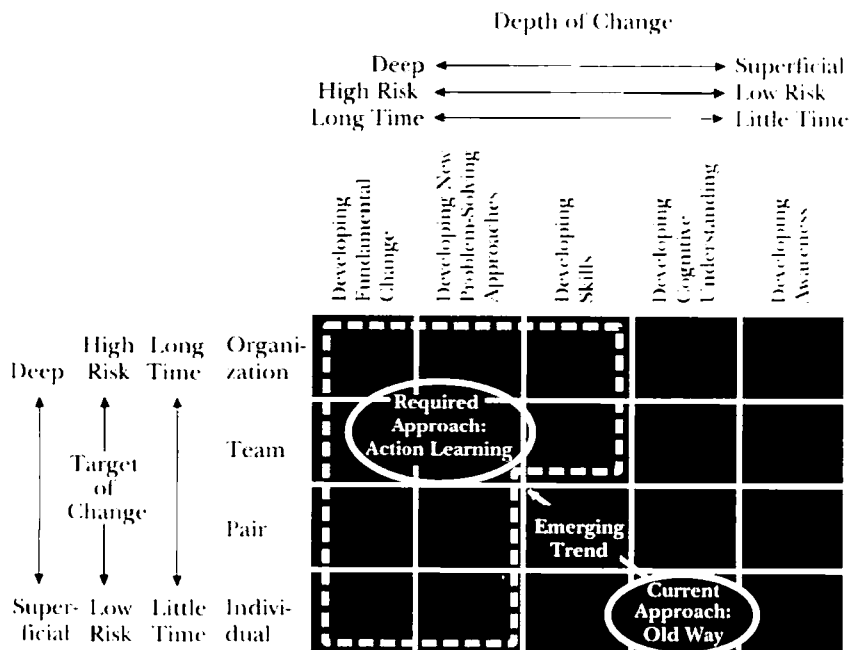


Figure 11.1 The Tichy Development Matrix.

solving approaches, would require adding skills: transposing music to change the score and then altering the repertoire of skills. The fifth step, at the deepest level, is fundamental change: performing as a composer. It is helpful to apply these five steps to specific management functional skills, for example, finance, and work through the same logic from awareness to fundamental change.

The other dimension in Figure 11.1 is the focus (or target) of the intervention, with one end of the spectrum being anchored at the individual level and the other at the organizational level. Traditional programs commonly send individuals either to internal management development programs or to external business school programs. Occasionally, boss/subordinate pairs or two colleagues attend programs. Less rare, but still part of the repertoire of traditional development programs, is to send teams and, finally, the target is sometimes the total organization. In contrast, the Tichy Development Matrix asserts that the challenge is to move development toward the upper left portion of the matrix “Fundamental Change of the Organization.”

Traditional Management Development

The dominant paradigm in management development has been emerging since World War II (See Figure 11.1, lower right hand portion of the Tichy Development Matrix). In business schools, a multifunctional curriculum in such areas as finance, marketing, accounting, and organization behavior is taught. Managers and executives attend as “individuals,” and most of their development is focused on cognitive awareness and understanding with some skill development. The case method is essentially a cognitive understanding tool and has become a preferred teaching tool. There is minimal skill development in terms of participants actually practicing the art of management. They interact in classrooms, discussing hypotheses instead of playing on teams, taking risks, making decisions, and living with the consequences of their actions in real settings. Simulations and role plays are very inadequate substitutes for real “clinical practice.”

The same approach and curriculum have dominated the management development programs whether at IBM’s Armonk facility or Philips’s Eindhoven Training Center or Hitachi’s Management Development Institute in Japan. There are a number of reasons for this. For example, the methodology is well developed, and the faculty who teach in the business schools also tend to dominate the senior management programs in corporations. When we examine the global development experiences available in the traditional paradigms, there are those at INSEAD, Harvard, Wharton, Columbia, IMI/IMEDE, to name a few of the more esteemed programs. These run from one to six weeks or more, involve a multifunctional curriculum, and entail case discussions, group work, and projects. Yet it is the *individual* manager (lower right sector of the matrix) who is then expected to return to his or her organization transformed in some major (preferably global) way.

It has become necessary for us to shift the mind-set from “training” to “giant workshop.” If we reframe the development challenge in the upper left quadrant of the matrix, a new set of steps, tools, and approaches emerges.

Linking Development with Reality

When management development programs are reconceptualized as action workshops, real “live” problems, not case studies, command attention. People in the action experience are at real risk, and there are tangible organizational goals for transformation that are linked to the development activities. Add globalization to the agenda, and the model for successful compressed action learning becomes clear: intense cross-cultural problem solving which requires multicultural teams, a faculty that is transcultural as well as multilingual, and breaking free of the classroom into real cross-cultural settings. Only when these cross-cultural teams of executives are *required to deliver* with *real* stakes and *real* risks involved, can there be a quantum development breakthrough.

The Outward Bound Metaphor

The core of compressed action learning is a lesson learned years ago by the Outward Bound school. This school grew up in World War II as a way to train seamen in England to survive when the U-boats sank their ships. The amazing finding in World War II was that the older seamen were out-surviving the more fit and healthy younger ones. The conclusion was that survival had more to do with mind-set, self-esteem, and teamwork than brute physical strength. Thus, the Outward Bound schools focused from day one on enhancement of self-esteem and team work. It has since become a vehicle for vastly diverse populations working these agendas.

Outward Bound provides a good example of compressed action learning. Breakthroughs occur because people are put at their boundaries—both individually and as teams. They perceive real risk, whether it be in a rock climbing exercise or a sailing activity off the coast of Maine with strong winds blowing and the rocky shore nearby. In order to successfully accomplish what Outward Bound calls an “initiative,” usually a team task, teams must work effectively together and individuals must exhibit personal leadership and self-confidence.

A core attribute of Outward Bound is that it creates the illusion of great risk. It is more illusion than reality. The illusion is due to careful stage-setting and putting people in a context in which they are at their boundaries—emotionally, physically and intellectually. For example, taking a desk-bound executive, training him for 45 minutes in rock-climbing techniques, putting him on a sheer, 100 foot granite cliff for his first rappel down, and then having him climb back up the cliff is an absolute emotional breakthrough experience. The executive is quickly caught up in the experience and does not perceive that there is a great deal of safety built into the situation. Instead, he pushes at his boundaries and half-way up the cliff confronts his own sense of risk

taking. Logically, he has not perceived the existence of the safety rope that is attached to him and the helmet he is wearing. The perception is that if I slip, I could go all the way down to the bottom of this cliff. The same illusion is created after teaching executives for 30 minutes how to sail a 30 foot pulling boat. They are given the challenge of sailing to a harbor five miles away along the rocky coast of Maine with no experienced sailors. They quickly lose the perception that there is a trained Outward Bound instructor sitting there on the boat ready to intervene if they face true life-threatening danger.

By having this kind of pressure put on them, the teams confront their own abilities to plan, make decisions, lead, and resolve conflict. The compressed, rapid cycle of these team activities gives the teams an opportunity to push their boundaries far beyond anything that happens sitting in a case breakout room discussing the international business case of Corporation X, Y, or Z.

In global development, instead of simple physical Outward Bound activities, we replace the team activities with such complex challenges as doing a country business opportunity assessment that will actually have an impact on the company's investment strategy and that will be reviewed by the CEO. In other global development programs, teams work on global strategic issues necessary for the business to achieve long-term global success. The team's ability to solve these issues will not only have an impact on the business, but the participants also perceive that it will impact their careers. The compressed action learning calls into play cognitive understanding, multiple business leadership skills, and new approaches and sets the stage for fundamentally changing the way people work on both the "hard" business issues and the "soft" people issues.

Blending the "Hard" and "Soft" Issues

Compressed action learning deals with another paradox, namely that of impacting both the "hard" and "soft" developmental issues.

Figure 11.2 captures the challenge particularly for U.S. corporations, as they face the decade of the nineties. "Hard" issues refer to budget, manufacturing, marketing, distribution, head count, finances, and so on; whereas "soft" issues refer to values, culture, vision, leadership style, innovative behavior. Figure 11.2 implies that for large portions of the U.S. economy, companies were weak on both the "hard" and "soft" issues from World War II up until 1980. Examples include the auto industry which was dominated oligopolistically by three competitors who had no global competition to speak of, consumer electronics which was dominated by domestic players like GE and RCA, and the steel industry. It wasn't until 1980 that most of these industries began to wake up to the fact that there were real international competitors out there who were more quickly producing cheaper, better quality products. Thus, we saw the decade of the eighties as getting strong on the

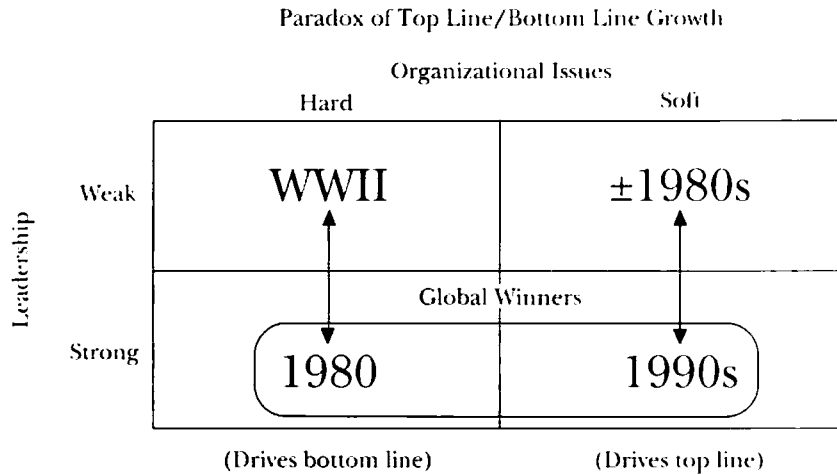


Figure 11.2 1990s Global Transformational Leadership.

“hard” issues. Companies such as GE moved out very early in the game, downsizing by over 120,000 employees, trimming its portfolio, restructuring, and dramatically improving productivity. This scenario was followed in company after company as entire industries moved to restructure in the 1980s: automotive, steel, and toward the end of the decade, the computer industry.

The long-term challenge, however, is to become strong on the “soft” issues, because it is the “soft” issues (cultures of innovation, risk-taking, and so on) that create the conditions for new products and innovation. The global winners will paradoxically manage the “hard” and “soft”—the “hard” helping to drive the lowest cost producer, the “soft” driving the most innovative. Thus, in the automotive industry Honda sets the standard. It is used by most auto companies as the benchmark because it tends to be the lowest-cost producer and the most innovative simultaneously. The Honda culture embraces the “hard/soft paradox.”

Global development requires simultaneously working on real “hard” business issues and the “soft” issues. Traditional training often runs “soft” courses on cross-cultural awareness, interpersonal skills, and team activities, but it is devoid of “hard” issues. Whereas with compressed action learning, people are working on real strategic business problems and simultaneously improving their team skills cross-culturally. It is this layering of multiple training and development agendas into a highly compressed environment that is the guts of the global development challenge for the 1990s. The remainder of this chapter lays out specific examples of what is possible by taking this approach. It ends with a set of prescriptions for both the CEO and the human resource organization to drive global development into the twenty-first century.

GE's Global Development Strategy: Crotonville

General Electric's management development operation headquartered at Crotonville, New York, provides formal development experiences for GE professionals and managers worldwide. Approximately 5,000 per year come to Crotonville's 53-acre campus which has a 145-bed residential education center. In the mid-1980s, Crotonville changed its mission to focus on global development. The new objective became:

To leverage GE's global competitiveness as an instrument of cultural change, by improving the business acumen, leadership abilities and organizational effectiveness of General Electric professionals.

Crotonville is used as a transformational level for GE, as well as an individual leadership development tool. Therefore, many of the premises that guided CEO John F. Welch's actions in the 1980s have generalized applicability to transnational companies around the world. The GE case illustrates how the training and development infrastructure of many large companies can be used to bring about much more compressed, higher impact change than currently experienced. Such global change will require that CEOs have a new mind-set, similar to the one which Jack Welch has developed. He sees that winning globally requires continuous employee development at all levels so that GE has a culture where the need for speed, continuous experimentation, and action is met.

One of the fundamental premises guiding the transformation of Crotonville during the 1980s was that revolutionaries do not rely solely on the chain of command to bring about quantum change. They carefully develop multi-channel, two-way, interactive networks throughout the organization:

1. The chain of command with its vested interest is where much of the resistance to change resides. Therefore, there is a need to stir up the populace of the organization, to begin developing new leaders for the new regime.
2. There's a need for a new set of values and templates in the organization.
3. There's a need for mechanisms to implement all these changes. Therefore, new socialization and new development processes are required.

Jack Welch perceives himself to be the leader of a major cultural revolution at GE. He has been looking for ways to best utilize GE's Crotonville resources.

The Crotonville Transformation

As is true of most university business schools, the primary focus at Crotonville has historically been on the individual participant's cognitive understanding. The shift in the Crotonville mind-set has been from a training mentality to a workshop mentality which ultimately leads to totally new program designs. It has resulted in an increasing number of teams attending sessions whenever possible. Also, participants increasingly bring real business problems and leave with action plans.

Leadership behaviors are rated by participants' direct reports, peers, and bosses before going to Crotonville. The aim is for changes in leadership behavior to be linked back to the work setting. Other action learning tools include having executives consult real GE businesses on unresolved strategic issues. Teams spend up to a week in the field consulting with these businesses. In addition, members of the CEO and officers come to Crotonville to conduct workshops on key GE strategic challenges.

Along the way, participants find the development experiences increasingly unsettling and emotionally charged. They feel uncomfortable with the feedback from their back-home organization. They wrestle with very difficult, unresolved, real-life problems. They make presentations to senior executives, argue among themselves, and work through intensive team-building experiences that include a good deal of Outward Bound-type activity. The measure of program success shifts from participants' evaluation of how good they felt about the learning experience to how the experience has impacted their organizations and their own leadership behavior over time.

In order for the Crotonville program to deliver on its new global mission in the 1980s, the total curriculum was revamped to provide a targeted "core development" experience at key career transition points for people at all levels—from new professional hires up through the top officers. Figure 11.3 shows the Crotonville core development sequence.

A Corporate Model for In-House Global Transformation and Development

GE provides many examples of what can be done through a large-scale corporate development effort. This section will highlight some specific examples to illustrate what large transnational companies with significant development infrastructures such as GE, IBM, AT&T, Shell, Unilever, CIBA GEIGY, Hitachi, Matsushita and Nomura Securities can do with "compressed action learning."

Transformational Workshops

Beginning in the early part of 1987, a series of five-day workshops was held for teams of managers from different GE businesses to work on global trans-

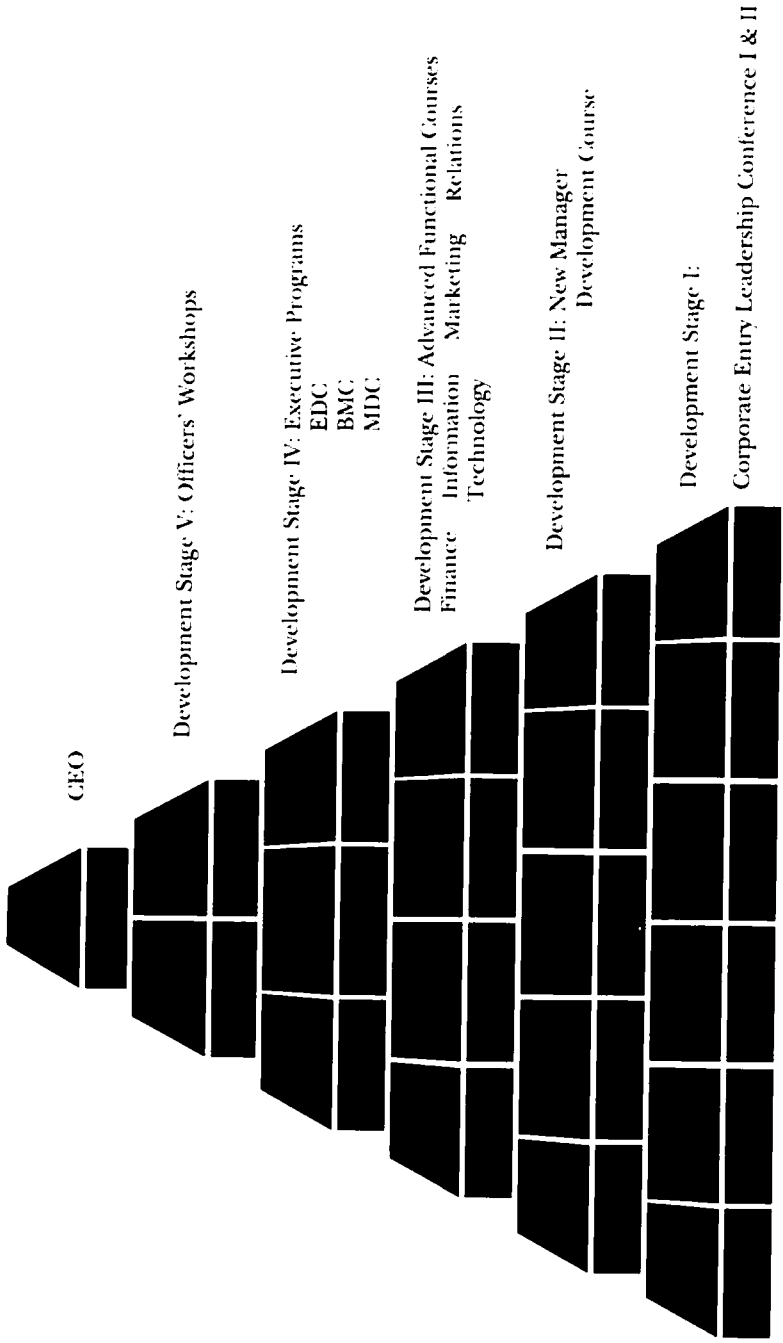


Figure 11.3 Core Development Sequence

formational problems. The first of these workshops was held at Gotenba at the foot of Mt. Fuji in Japan. It was a five-day workshop for teams to work on specific transformational agendas as they simultaneously worked on their own global development. At this workshop were teams from GE's CALMA business, Consumer Electronics, Power Systems, GE Medical Systems, and Plastics. The majority of the participants were Japanese. There were also managers from Korea, China and the United States. Similar workshops were run in the United States in the following years, coordinated and sponsored by Crotonville. The teams were sponsored by their CEO or Senior Executive with a specific change problem to accomplish. The goals of the workshop were the following:

1. Develop a transformation strategy.
2. Develop a high-performing team.
3. Acquire a state-of-the-art input on business strategy, management technology, and implementation planning.
4. Work on transformational leadership capacity.
5. Deliver an actionable transformation product to their sponsors.

Some examples of the types of problems worked on in these transformational workshops are:

1. Integrating and leading a new process for a U.S./Japanese joint venture in the high-tech field.
2. Resolving major inventory control problems, saving millions of dollars a year.
3. Sourcing strategic alliance issues with partners in the United States and Korea.
4. Initiating the movement from a traditional work system to a innovative work design strategy for a multiplan firm.
5. Globalization strategy and market service for a domestically focused service company.
6. Downsizing encompassing the closing of three plants to streamline for global competition.
7. Acquisition strategy worked out for a manufacturing business.
8. Formulating a strategy and implementation process for a new product start-up and roll-out.

Table 11.1 lays out the contrast between the transformational workshops and traditional training. Again, the aim is to get higher-impact, multiple agendas worked out in these five-day experiences.

Global Business Management Course

One of the Senior Executive Programs at GE, the Business Manager Course (BMC), has evolved since 1986 into a four-week action learning experience, the core of which is creating five- to seven-person teams that spend over a week in the field consulting and working on real, unresolved GE strategic problems. These teams have been involved in working on such problems as the transfer of artificial intelligence capability from GE's Research and Development area to the financial services organization to joint venture considerations between construction equipment business and Fuji Electric, in Japan to NBC's global strategy in Europe.

By 1989 the focus had shifted to an even greater global challenge. The action learning focused on sending teams to China, the former Soviet Union, and India. In each case, the teams had specific GE problems to work on in these regions but were also collecting intelligence and information on GE's best and worst practices in the global arena. The teams immersed themselves in these regions' economies, dealing with geopolitical realities and ultimately pulling their intelligence together in reports that were presented to top officers (e.g., Paul VanOrden, a member of GE's CEO team and Paulo Fresco, the Senior Vice President in charge of International at GE and his team of country managers). Such an experience results in payoff to the GE operations in China, the Soviet Union, and India. New knowledge has been transferred throughout the company via the international organization. Finally, there is a tremendous impact on the teams and their individual members in developing their global capabilities.

Globalizing the Executive Development Course

The top level program for GE, the month-long Executive Development Course (EDC), has also shifted to an increasingly global set of experiences. By the end of the 1980s, the program was run partly in the United States and partly in Europe. It focused on studying "Europe 1992" and the transformations occurring in GE, both worldwide and in that region. The five-day transformational workshops, the globalized BMC, and the EDC are illustrative of development experiences that are possible through a corporate-level effort such as GE has made.

Table 11.1 How the Transformational Leadership Workshop Process Operates:

| TRANSFORMATIONAL LEADERSHIP WORKSHOP | TRADITIONAL TRAINING |
|---|--|
| <p><u>Pework</u></p> <p>Our faculty works with you and your selected team prior to the workshop. The critical business problem or issue is identified and impactful desired outcomes set.</p> | <p>Participants come as individuals with little or no preparation or link with other participants.</p> |
| <p><u>Natural Work Groups</u></p> <p>Your executives come as a natural work group with the specific task of solving a critical problem or setting a new business direction. Faculty input is leading-edge global thinking and is designed to facilitate this work.</p> | <p>The participants are individuals from companies with widely diverse problems and cultures. Problem solving usually focuses on smaller issues. There is a low level of synergy.</p> |
| <p><u>Work Team Process</u></p> <p>The faculty and team work together to link workshop presentations and concepts to your evolving transformational action plan. Ample time is built in for this facilitation process.</p> | <p>Building an action plan is largely left to the individual. There is minimal interaction or work with faculty. Motivation to solve a major puzzle at the workshop is low.</p> |
| <p><u>Action Planning</u></p> <p>A plan for transformation is worked on and completed during the workshop. There is a high degree of team building during this problem-solving process. Individuals and the team deal with the gut-wrenching issues involved in transformation.</p> | <p>Most workshops do not focus on developing implementable action plans or new business directions. They rely on the motivation and willingness of the participant. Often the tough issues of change are not surfaced or dealt with.</p> |

Table 11.1 (Continued)

| TRANSFORMATIONAL LEADERSHIP WORKSHOP | TRADITIONAL TRAINING |
|---|---|
| <p><u>Accountability</u></p> <p>Because of the strategic nature of the workshop process, all participants are accountable as actors in the transformational drama. There exists the healthy pressure to arrive at a plan, by the end of the workshop, that can be presented to the team's sponsor (CEO or key executive).</p> | <p>Because the workshop is not adequately focused, the participants are left to formulate their action plans after returning to their business or workplace. Colleagues critical to transformation are not up to speed.</p> |
| <p><u>Result</u></p> <p>The CEO or sponsoring executive joins the workshop team on day five to work with the team on plans for implementation and on commitment of resources to transform the organization.</p> | <p>The participants return to work and simply prepare a report to the boss and some colleagues. Where there is an action result, it is transactional rather than making sweeping global changes required by the business or organization.</p> |
| <p><u>Follow Through</u></p> <p>A transformational team has been built. It will stay intact to ensure implementation of the action plan. The team members have, through new exposures and commitment development, improved their personal and professional capabilities.</p> | <p>Participants develop a new network, but often the contacts are passive. The participant is involved in social and professional interactions, but any groups formed during the workshop are temporary. Follow through is usually low.</p> |

The Global Leadership Program Consortium

This is the most exciting time I've ever been through in my career—more challenge, more possibility of failure . . . but more rewards.

—GLP PARTICIPANT, 1989

The Global Leadership Program (GLP) is a consortium representing leading corporations (Figure 11.4 lists the companies) in Japan, Europe, and the United States along with a global faculty and participating host countries.

The companies are part of an ongoing partnership started in 1988 jointly committed to research and development on issues of globalization. The program design, facilities, and support staff are directed by core faculty from universities in the United States, Europe, and Japan. The members of the consortium participate in a research partnership and in an intensive 5-week Global Leadership Program designed for senior executives with CEO potential. The Global Leadership Program Consortium is an ongoing partnership with the following elements:

1. The five-week Global Leadership Program.

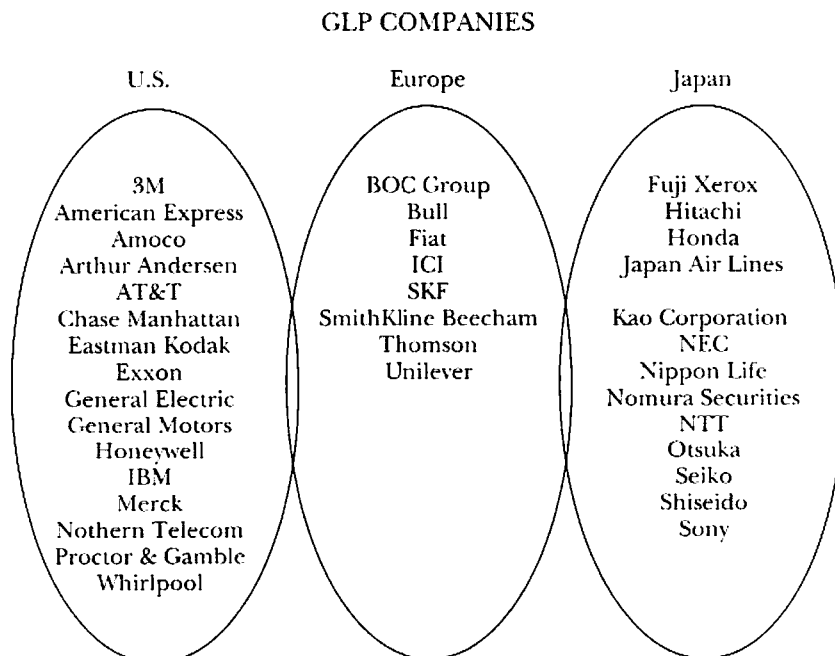


Figure 11.4 GLP Companies.

2. An ongoing globalization research and development program.
3. A global network of companies and individuals sharing best-management practices.
4. Synergy with the MBA program.
5. The only triad (Japan, U.S., Europe) consortium for high-level executives representing leading global companies to share and develop ideas and applications together.

The program is an intensive, multinational experience designed to expand the global mind-set, cross-cultural competency, and global networking capability of senior executives. It uses action learning to provide an intellectual, interpersonal, and physical international experience. It creates a dynamic, cross-cultural, problem-solving environment that pushes executives to their ultimate boundaries, thus providing breakthrough leadership experiences.

Cross-Cultural Compressed Action Learning

The Global Leadership Program is built around a country business opportunity assessment in which participant teams travel to different regions in the world to investigate long-term business prospects. At the same time, the teams work on their own cross-cultural understanding and team building.

The program begins long before the actual 5-week session. Participants receive specially prepared briefing materials about the country they will visit in order to provide them with an in-depth background for their assessment. The briefing books are divided into two major parts: core readings and supplemental readings. The information is researched and compiled by known experts in the field. It is continually updated to provide the most current information for the participants.

The participants also receive survey instruments to assess their perceptions regarding the characteristics of a global organization, the dimensions of global leadership, and the way managers carry out their global responsibilities. In addition, other representatives of their organization also receive portions of the survey. The results of the surveys are summarized and the information is discussed during and after the Global Leadership Program. Insights gained from the surveys are an important part of the program.

Overview of the Global Leadership Program

Figure 11.5 provides an overview of the program. It was first launched in 1989 with a group of 21 executives from Japan, the United States, Britain, Brazil, and India. In 1990, the second running of the program included 31 participants from Europe, the United States, and Japan.

The core of the program is the two-week, on-site country assessment

| Week 1 | Week 2 | Week 3 | Week 4 | Week 5 |
|---|--------|--|--------|-----------------|
| University of Michigan | | On-Site Country Visit | | Univ. of MI |
| Team Building | | Country Business | | Preparation and |
| Country Business Assessment Preparation | | Interviews with Government Representatives | | Presentation of |
| Outward Bound | | Business Visits | | Final Reports |
| Washington D.C. Visit | | Regional Visit and Assessment | | |

Global Leadership Program Mission:

"To develop global business leaders who have the mind-set, leadership, and team-building skills to both lead their institutions and contribute to world economic growth."

Program Objectives:

- Provide a deeper understanding of global geopolitical forces and their relationship to business
- Provide cross-cultural understanding and skill development
- Provide tools and techniques for carrying out overseas business opportunity assessments
- Provide exposure to the political, social, cultural, and economic environment in the host country
- Provide new global business strategies for joint ventures and alliances
- Provide global network building among business leaders, host countries, and business academic leaders

Figure 11.5 Overview of Global Leadership Program.

carried out by cross-cultural teams in China, India, and Brazil. Each executive team produces investment opportunity and entry strategy recommendations as well as video documentaries as part of their country assessment.

As impressive as the products of the teams' work and the real learning is the cross-cultural teamwork. Each team spends two weeks preparing for the country assessment by working on its personal global leadership capabilities and its global mind-set and team skills. Preparation also includes a weekend at the Outward Bound School at Hurricane Island, Maine, and a two-day assessment in Washington, D.C. Learning to create a high-performing team with senior executives from multiple cultures is one of the keys to leading world-class operations in the 1990s and the twenty-first century.

The program carefully blends rigorous intellectual development of global leaders, starting with each individuals' map of their own personal global mind-set; that is, the way they analyze the world politically, economically, and culturally. These global mind-sets are then shared and discussed intensively in

each team. The team is then charged with coming up with one analytic framework to guide its assessment of a major geopolitical region of the world. They're assisted in this process by working with area experts in economics, political science, and business. In addition, they are given intensive briefings through written materials, videos, and several days of work with world experts on the region they will be visiting. While this is going on, there is intensive team-building activity so that each team becomes a high-performing, cross-cultural team. And finally, each individual's own leadership behaviors are examined through surveys filled out by their colleagues and themselves before they attended the program, as well as through ongoing feedback from their team members throughout the program.

By the second week of the program, the teams have been built and they start on their country assessments. The first step in that process is a one-day, intensive set of interviews and discussions in Washington, D.C., with the State Department, International Monetary Fund, embassies, and so on. They then return to the University of Michigan at Ann Arbor and spend the remainder of the week getting prepared for their country assessment.

The Country Business Opportunity Assessment

During the third and fourth weeks of the program, the participant teams split up and travel to three different countries. The 1989 program visited Brazil, India, and China while the 1990 program visited the USSR, China, India, and Brazil to investigate long-term business prospects as well as to continue work on cross-cultural understanding and team building. The primary task of the program is the creation of the high-performance, international team which must work across cultural boundaries to carry out a real business task under pressure of time and in an unfamiliar context. The program assigns working teams of five or six participants to a large, diverse, developing country with which the members are unfamiliar. They are required to work together for two weeks as a team to assess the long-term business prospects of the country in question. The assessment focuses on five issues:

1. What role will the host country play in the global economy over the next decade?
2. What kinds of business opportunities are best for that economy (e.g., production, sourcing, direct sales of heavy equipment, heavy or light industrial goods, consumer goods)? What regions in the host country are best for which kinds of foreign business?
3. What are the best entry strategies for that economy (e.g., joint ventures, co-production, direct sales, equity joint ventures, licensing, counter trade)?

4. What is the opinion the host country holds of the nationality of the participant? What prejudice might exist, good and bad, for large multinational corporations? How does the host government view the particular corporation doing business? That is, what is the corporate image abroad?
5. What is the global citizenship role regarding physical and human ecology in the country? What role should be played regarding such problems as air and water pollution, toxic waste, education, health care, and poverty?

The Process: Compressed Learning

In each country, one or two teams travel first to the national capital, focusing on national policy and relations between multinational corporations and the government. The participants then travel to different regions to assess business conditions and opportunities there. In India, the teams traveled to New Delhi, Bombay, Puri, Bangalore, and Madras. In Brazil, they visited São Paulo, Caxias do Sul, San Jose, Brasilia, and Rio de Janeiro. The participants return to Ann Arbor to write their reports, edit their videos, and make their presentations during the last week of the program.

During the last week of the program, the participants write their reports and make their video documentaries and presentations. This process forces them to synthesize and analyze their experiences and information. For the participants, the experience of dealing with real problems and adverse conditions provides a real test of their cross-cultural skills, both as a team and as individuals. Strong networks have been created between the team members as well as across teams.

Starting in 1990, the program began to actively involve MBA students as staff assistants to the teams. This added value to the program and also began the journey of integrating multiple layers of learners in the Global Leadership Program. Over time, a series of global leadership action learning programs will be designed for MBA students, early professionals, and mid-level managers on up to the current Senior Global Leadership Program. The aim will be to create a portfolio of action learning experiences all of which include international cross-cultural team building and utilize on-site project work in cultures that are unfamiliar to a significant number of the team members.

The Program Impact

The self-evaluations of the participants were extremely positive. It was a frame-breaking and peak life experience for many. The real measure will unfold over time, and will be tracked through research and the ongoing network which has been created. The alumni group will meet regularly and will play a role in preparing next year's participants. In addition, the program has

already generated some business relationships among participants and will help build global networks among many of the participating companies. In addition, the host countries and host organizations such as Confederation of Engineering Industries (CEI), the U.S. equivalent of the National Association of Manufacturers, are building relationships with companies by helping to develop and coordinate the agenda for participants. CEI has sponsored a delegation of top CEOs from India to visit many of the sponsoring companies in the U.S.

The program is spawning business research projects and will be a catalyst to a global research program including university based research laboratories in Michigan, Tokyo, and Brussels. The Global Leadership Program will be building a worldwide research network of business schools working in close cooperation with firms and industries to meet the challenges of the new global playing field.

Conclusion

This chapter has laid out the challenges for global leadership development. It started with an assumption that the geopolitical and competitive landscape of the 1990s is requiring a new breed of leadership at all levels of the organization. We have argued that traditional classroom-type training will be insufficient for transforming both organizations and leaders. The Tichy Development Matrix can be used as a strategic concept to shift from individual training to higher-impact organizational and team change. The illustrations have included internal corporate level development such as has been carried out at GE's Crotonville and a consortium of 35 U.S., Japanese, and European companies working to develop their senior leaders.

The future provides a host of new opportunities for globalization at multiple levels. Programs within companies will multiply, but business schools and other academic institutions must undertake alternative, new ways of partnering with corporations to rapidly develop the global leaders needed to pilot our institutions into the twenty-first century.