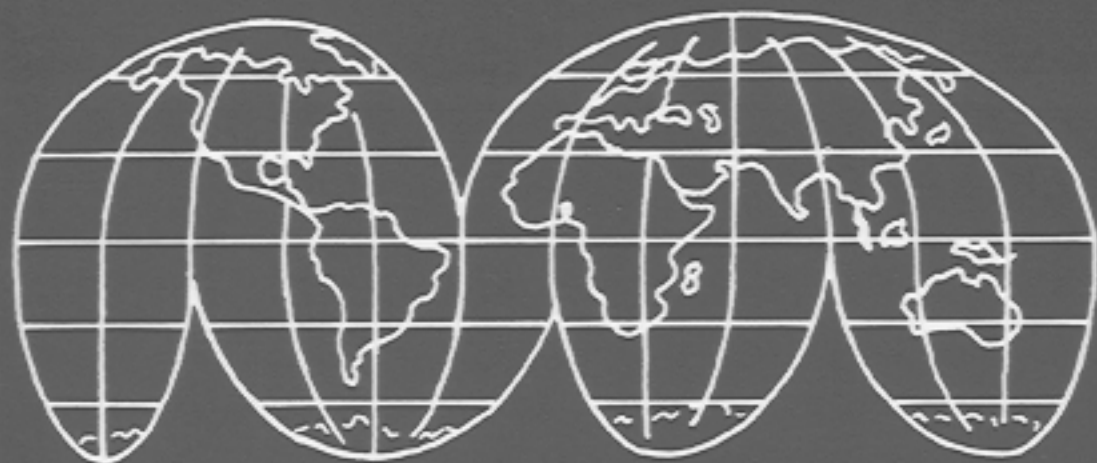


# Globalizing Management

Creating and Leading  
the Competitive Organization



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

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## 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,”<sup>1</sup> 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.<sup>2</sup> 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

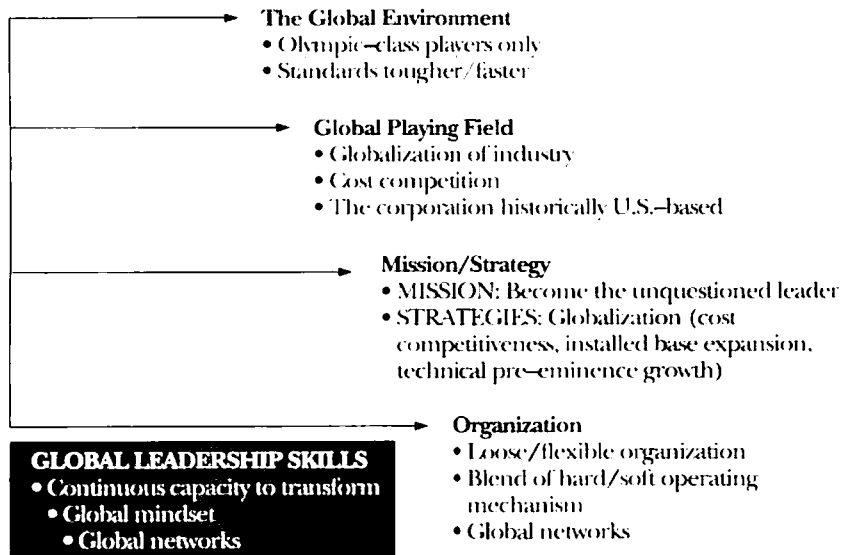


Figure 2.1 Global Leadership Development.

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.

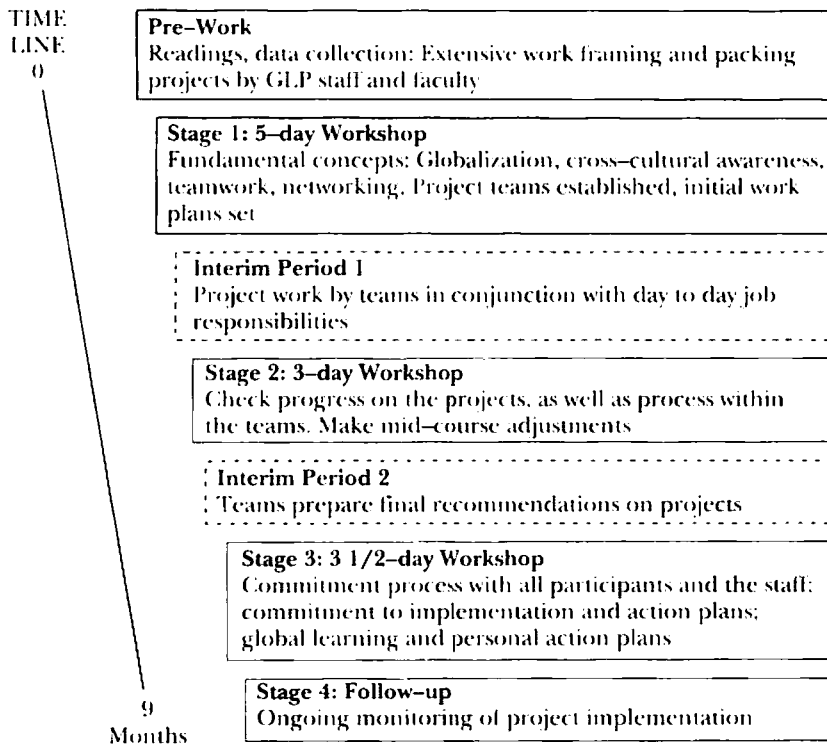
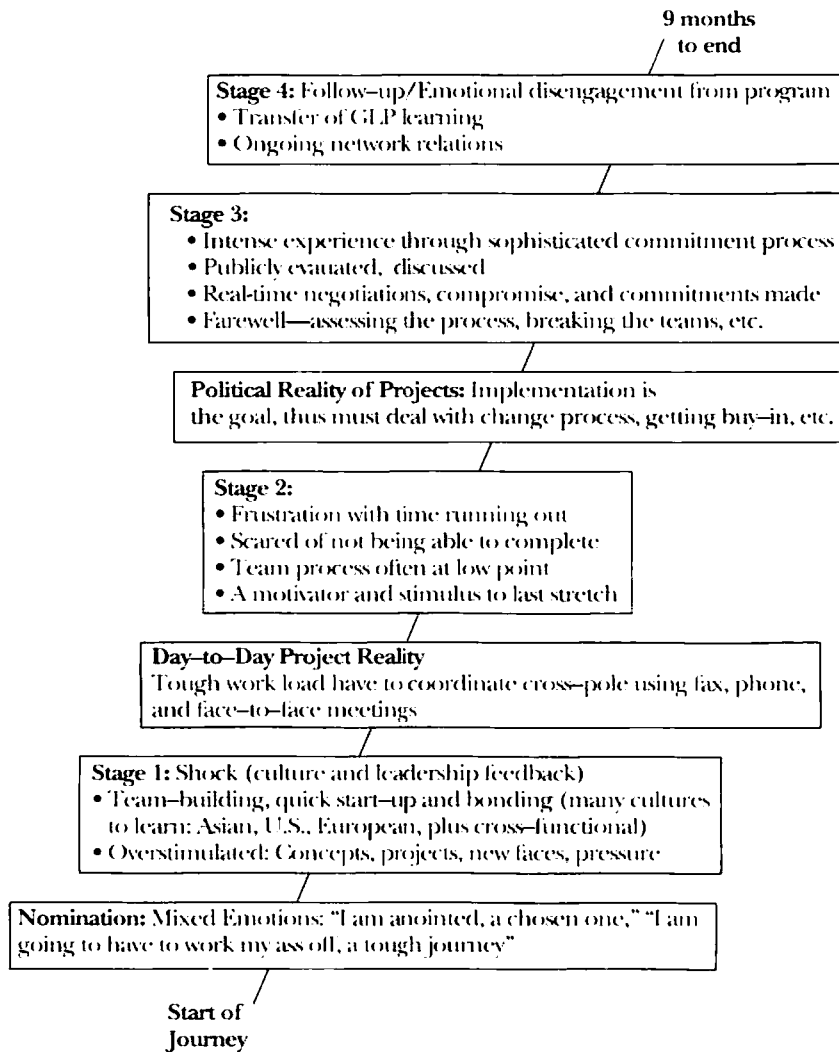


Figure 2.2 Program Overview.

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;"><b>IMPACT SCALE</b></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
<b>Building Blocks</b>					
<b>GEMS Top Team Leadership:</b> Ownership of the projects, selection and sponsorship of participants and full involvement in the commitment process.	●	○	○	○	●
<b>Cross-Cultural Faculty:</b> Multi-cultural, multi-lingual, multi-disciplinary faculty leading the process.	○	●	○	○	○
<b>Coaching Role:</b> Each team has a process consultant—someone selected and trained from the previous GLP—who coaches the team.	●	○	○	●	●
<b>Process Learning:</b> Team building activities including “outward bound,” learning about high performing teams, systematic attention to feedback for each other.	●	○	●	●	●
<b>Learning Feedback Loops:</b> 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.	○	○	●	●	○
<b>Commitment Processes:</b> Throughout GLP, individuals, teams, and the total group actively, publicly use processes for contracting and making “who, what, and when” commitments.	●	○	●	○	○
<b>Concepts/Ideas:</b> 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.