

A company with no passport

Putting a global mindset to work



LAURENCE MONNERY

Egon Zehnder International,
London
laurence.monnery@ezi.net



SIMON PAGE

Egon Zehnder International,
Hong Kong
simon.page@ezi.net



MARTHA JOSEPHSON

Egon Zehnder International,
Palo Alto
martha.josephson@ezi.net



ARMIN EFFENDI

Egon Zehnder International,
Kuala Lumpur
armin.effendi@ezi.net

Companies from all parts of the world are trying to globalize. Whether it's because of a customer base that is increasingly global, a supply chain spread across ever more countries, a need to access new talent pools, or a product development strategy that must respond to many different cultural preferences in global markets, the result is that companies have to develop an organization and a structure that reflect the global nature of their business.

This applies as much to the new, dynamic companies from emerging markets that are coming to dominate the world in manufacturing, as it does to more traditional Western, marketing-led multinationals in consumer goods.

MANY COMPANIES are finding that creating a truly global organization is hard work. How do you attract, retain and promote all the way through a mix of executives who represent the diversity and footprint of your business? How do you ensure that your measurement and analysis systems take full account of the myriad cultural differences which are known to exist when people look at even the simplest tasks? And most important, how can a company achieve not only the “hardware” of a top management structure that is fully global, but also the “software” of key decisions being taken in a way that accommodates the full range of views and experiences in the organization?

If companies are to meet these challenges, their senior managers must embrace a set of attitudes and approaches that have been described as a “global mindset.” In this article, we explore what this mindset looks like in practice, share ideas on how companies can recognize and embed it in senior executives and across the broader organization, and point to the substantial business benefits it can generate.

How to recognize a global mindset when you see it

At an organizational level, we might say that a global mindset is about cultivating openness to diversity across cultures and markets, recognizing common patterns whilst making the most of differences, and being ready to adopt successful practices and good ideas wherever they come from. Such an organization might be said to be a “company with no passport,”

as Nestlé describes itself. It is not, by the way, about creating a single, global, homogenized super-culture.

We often recognize a global mindset when we see it in action. Executives with such a mindset aren't just those who have travelled a lot or who are familiar with different cultures. They are the ones who can really understand individuals and groups coming from a wide range of international situations, and who use that understanding to inspire them to create great outcomes for the organization. Executives with a global mindset don't just understand – they understand, adapt and influence across a range of cultures and situations.

What makes an executive able to do this? In our view, six core attributes:

1. *A deep motivation to discover new things.* It doesn't matter where in the person's background or psyche this comes from – what's needed is lifelong curiosity and a willingness to learn.
2. *Humility.* Also known as “knowing what you don't know,” or “the ability to ask the [right] dumb question.”
3. *Boldness.* Being motivated and humble is enough for a travel writer, not for a senior executive. Executives with global ambitions need to be bold enough to put themselves in unfamiliar situations, to take calculated risks and to make mistakes as they pursue their aim.
4. *Learning agility.* It's about intellectual horsepower too. The executive needs to have the agility to assimilate new facts and concepts, the memory to retain them, and the capacity to re-deploy them.
5. *Intercultural sensitivity.* Similar to learning agility but not the same, intercultural sensitivity is about an ability to pick up on cues in specific situations – language plays a strong role in this, but so do non-verbal signs – and to develop the same level of trust with people of other cultures as we do in our own.
6. *Comfort with ambiguity.* Executives developing a global mindset will need to understand its limits. They may have come a long way, but there are things they will never know. Global leadership means being able to take decisions based on highly imperfect information.

These attributes overlap closely with a set of leadership potential traits identified by Egon Zehnder International as predictors of the scope and speed of an individual's future development as a leader. This is no coincidence: in a fast-changing global world, the leaders of the future will be those with a thirst for learning, the capacity to synthesize a vast range of information, the emotional strength to inspire diverse teams, and the determination to achieve results amid complex challenges.

How to embed a global mindset in senior executives

How, then, does an organization ensure that a global mindset spreads across its entire management corps? We see four key steps as essential:

First, it is critical that the global mindset *comes from the top and is aligned on strategy* and business intent. Companies need to be aligned, up to and including at board level, on what this is all for. It is not just about rotating people from far-flung regions in and out of the company's headquarters. Nor is it about responding to the latest economic news about China, Indonesia or other emerging markets. It's about a wholehearted commitment from the top to create an organization that thinks and acts in a fully global way. Google, for example, saw itself as a global company from its early days, with its founders constantly challenging senior colleagues with the question: “What if the world was connected?” Its core belief from the beginning has always been to facilitate access to information to the entire world and to focus on the user wherever he or she is. This means Google “absolutely needs to have a global mindset internally,” says the company's Director of People Operations, Shannon Deegan.

Next, companies need to focus on the most critical positions and leaders, individuals who make key business and people decisions. It's not enough to have a graduate recruitment program that brings in talent from universities in existing and new markets. This will not change the organization fast enough; and if the young talents don't see that the organization has a global mindset at the top, they will likely move on to other organizations that do. Instead, a global mindset needs to be a key requirement of senior recruitment. Shannon Deegan of Google emphasizes that “all our executive searches are truly global,” and that the company seeks out “people who are passionate about the world around them, whose experiences show real open-mindedness.” In internal selection too, companies need to select first those leaders who have some of the key attributes described above – and make sure those who select such leaders have a global mindset themselves, and use assessment frameworks that embrace these attributes.

Andrew Webster, Vice President for HR for global Commercial at AstraZeneca, underlines the importance of maintaining a mindset of openness to cultural difference when interviewing and selecting executives: “If you measure an Asian executive against an American one in terms of their slickness or presentation, assurance in voice, and sophistication of presentation, you might well always hire to your image. [In Western companies] we need to learn more about Asian talent – how they lead, what is important for them, what makes them successful.”

It's about being ready to adopt successful practices and good ideas wherever they come from.

Zainal Jalil, CEO of Malaysian power company Malakoff, echoes this view: “In my years at Malakoff and previously at Exxon, I realized that the best way to interview many people is to meet them two or three times. Americans will often rely on a 30-minute interview. In Asia you won’t get what you need from that. You need to listen more actively and get to know the person.”

Once such leaders are identified, it’s critical to support them actively and give them the exposure they need. Through all our interviews with senior leaders in global companies, there is no doubt that living and breathing different markets and cultures trumps other experiences. Some companies, such as Shell, make it clear the day they interview any high potential individual that living and working abroad is an essential part of their development if they aspire to reach the highest levels in the company. “We recognize that this means we may lose some people along the way,” says Hugh Mitchell, Chief Human Resources and Corporate Officer at Royal Dutch Shell, “but it is also incredibly powerful in attracting the best globally minded talent from developed and emerging markets alike.” Google, says Shannon Deegan, is “constantly moving people around the world.” GE Healthcare has developed an Executive Leadership Corporate Program that sees key high potentials spend a minimum of six months abroad; today the program is almost exclusively populated by talent from emerging markets. Richard di Benedetto, who has acquired extensive top-level experience in the healthcare market as former CEO of GE Healthcare in key African and Middle Eastern growth markets and former Chief Executive of Euromedic, puts high-potential recruits through an intensive 18-month program that includes stints at company headquarters, periods spent working in different countries and functions, and hands-on coaching and mentoring to teach them to work cross-functionally in teams, on assignments spanning multiple countries.

It’s also critical to get the basics right. For example, support from a spouse can be the most important determinant of success in an international posting; Nestlé has developed a spouse career program, partnering with other multinational companies to help each other find jobs for spouses of relocating staff.

If a program of this kind is to have lasting impact, though, it will be important to measure success carefully. The metrics need to be well thought through, adapted to the situation and to what the company is trying to achieve, and designed by

globally-minded people. In measuring broader organizational development impact, much use is made of employee surveys and metrics that track talent recruitment, promotion and retention. However, companies need to ensure that employee surveys are developed by multi-cultural teams, and that exit interviews are conducted “on the ground” by individuals of the same culture as the departing employee.

Key practices

How, then, can companies make sure that a global mindset spreads throughout the whole organization? We advocate four key practices:

First, relocate key functions – and top executives – to new markets. Nothing is as powerful a signal to the rest of the organization as relocating senior leaders. Many companies say they want to increase the input from emerging markets into top corporate decisions – but balk at actually basing anyone from the executive committee in such markets. According to a recent McKinsey survey, only around 2 percent of major companies’ top 200 executives are based in Asia – at a time when Asia accounts for up to one-third of global sales.

A full relocation is almost always the best option. But where this is not possible, companies must ensure that key executives do not just “fly in, fly out,” as this can lead to the worst outcome – a false belief that they really understand the markets they visit. Jean-Michel Cossery, Vice President and Chief Marketing Officer at GE Healthcare, says that the Chinese affiliate is visited by the company’s key global leaders almost on a continuous basis and by its top executives at least seven to ten days of every month. This gives them the time to understand what is going on, not just from a business angle but also from a cultural point of view.

Bruno Angelici, Board Director of Novo Nordisk and former Executive Vice-President of AstraZeneca’s international sales and marketing operations, says: “As the world changes, having a multicultural understanding is critical to making the right decisions. It needs to start at the highest levels of the organization – top leaders need to have lived abroad, and not in easy countries...”

Second, reward those who move. Too often, individuals come back from an overseas posting only to find that they are less well known at headquarters than when they left, and that people show a surprising lack of interest in what they

have done or achieved while they were away. Companies need to ensure that these achievements are recognized in career development and promotion, and that such individuals become role models – inspiring others to consider making a move.

Third, train those who don't move. In parallel with ensuring that the individuals who have spent time overseas are celebrated and their insight leveraged, companies need to ensure that those who cannot move are developed as well. There are several ways to invest in making such employees more globally aware – including roles on international taskforces, assignment of global responsibilities, and training programs. Such training should be based not only on developing knowledge of other markets and cultures, but also on developing inclusiveness as a key competency – that is, the capacity to be open to differences amongst colleagues, and proactive in leveraging those differences.

Finally, it is critical to embed these principles in the company's values. Whichever way the principles are phrased, current and future employees and external stakeholders need to perceive that a global mindset – and a culture of inclusiveness – is core to the company's identity, and not the latest fashion or whim of a CEO, at risk of being discarded at the next leadership transition.

What is it worth?

All this takes significant and sustained effort over many years. Companies have to think about what “global mindset” really means for them. Then they need to plan carefully, execute sensitively and measure accurately. Is it really worth it?

There are several compelling reasons why the answer is “yes.” For most companies, there is no choice: globalization is now part of daily life. Hugh Mitchell, Global Head of HR at Shell, emphasizes that over 60 percent of the company's business is now undertaken in foreign joint ventures – requiring “the ability to work, collaborate and negotiate with people with different experiences, cultures and expectations, and adapt to a broad group of stakeholders.”

Moreover, having a global mindset is critical to true innovation. For example, Jean-Michel Cossery speaks of how “reverse innovation” has resulted from GE's expansion into India and China: whereas the company initially focused on local production centers and huge mass market, it is now also actively undertaking innovative product development there – for example by locally designing a battery-operated ultra-low-cost ultrasound machine which could be carried in a back-pack or on the back of a moped. “An engineer in Milwaukee would never think of that,” he says.

A further key benefit of a global mindset is that it helps

organizations benchmark against their competitors. Cultivating a global mindset is important even for smaller businesses that do not have a global footprint, to remain open to learning and to benchmark their company against others. As Richard di Benedetto remarks, “Your next competitor might be a global player who has come to your market.”

Finally, a global mindset attracts and supports diverse ways of thinking. Google's Shannon Deegan emphasizes that the company's globally diverse, open-minded culture helps make it “the most interesting company in the world” for MBA students. “We allow and expect everybody to be innovative and work out new ways of thinking, all the time,” he says.

The journey continues

In cultivating a truly global mindset among their leaders and staff, many companies have a long journey ahead of them. The journey cannot start early enough. Companies need to recognize their global need, embed a global mindset across the whole organization and ensure these efforts are sustained year after year. The journey needs to be bold, systemic and led from the top. But it is worth it! Given the rapid shift to global markets, talent pools and supply chains, companies that build a global mindset today will be the winners in the future.

THE AUTHORS

ARMIN EFFENDI is Managing Partner of Egon Zehnder International's Kuala Lumpur office. He joined the Firm in 2004 and focuses on Board Consulting as well as the Financial and Services sectors.

MARTHA JOSEPHSON is based in the Palo Alto office of Egon Zehnder International. Since joining in 1996 her consulting work has focused on the Internet and media sectors.

LAURENCE MONNERY joined Egon Zehnder International in 1997. Based in London, she is the co-leader of the Firm's activities in diversity and inclusion. She focuses on the Life Sciences and Healthcare sector.

SIMON PAGE is based in the Hong Kong office of Egon Zehnder International. Since joining in 2001 his consulting work has been focused on the areas of financial services, the public and social sector, and services.