



# Global Leadership Development

by Jack Zenger and Joe Folkman

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Many global organizations lack clear direction in their strategy to develop and promote leaders who can take their business to the next level overseas.

Businesses are becoming more global, which in turn drives the need for more leaders. But these cannot be the “same old, same old” leaders. Global leadership adds new dimensions. The seriousness of this issue escalates when you hear from CEOs that the current shortage of such leadership is serving as a major constraint on their organizational growth. One third of global organizations have identified global leadership as a serious constraint and 70 percent of

companies expect to increase overseas assignments this year.

Ironically, less than one third of all such organizations have any formalized global leadership development activity in place. One team of respected scholars has argued that “building a deep bench of such talent requires an unrelenting commitment of seven or more years on the part of your organization.”<sup>1</sup>

## **Symptoms of the Problem**

Here are a few indicators that suggest that your organization has a serious challenge in this arena:

- Lack of candidates for positions in overseas operations.
- No information on prospective international leaders.
- Lack of agreement on the competencies required for global leadership.
- A looming bubble of retirees with no group of successors available to take their place.
- Little interest being expressed on the part of young internal managers to become global leaders.

## **The added challenges of global leadership development**

Most organizations are struggling with the creation of a leadership development system to serve their domestic needs. These appear to be under constant revision as the needs of the organization evolve and as the competitive landscape changes. But developing global leaders adds a new dimension and level of complexity.

We'll define global leadership as those individuals who work in more than one cultural or geographic arena. They differ from their domestic counterparts in their willingness and ability to go beyond their country of origin and take on challenging assignments.

Organizations that have no specific global development strategy appear to operate from a belief that their current pool of talent is capable of going anywhere and that nothing special is required to develop them. They assume people will rise to the challenge and learn what they need, when they need it. It has been noted that "hope" is not always an optimum strategy to solve a major problem, but that is what such organizations are relying on to address this major challenge.

Further, senior executives are often unaware that talented managers in their firm skirt around foreign assignments. They fear that they will be victims of the "out of sight, out of mind" phenomenon that

they believe has caused their colleagues' careers to plateau.

## **Why is developing global management talent so complicated?**

Here are a few of the reasons:

### **Sociological forces.**

Organizations tend to trust someone from their home country more than those who come from far away or from different cultures. Historically, organizations groomed people from headquarters to be sent to international locations, but trust and frequency of interaction declined with distance. Add on top of this a potential language barrier between the parent and remote locations. Then add the fact that most of us acquire 95 percent of our information from domestic news sources and that 90 percent of all telephone time is spent with people in one's own country.

### **Economic pressures.**

It costs roughly 3 times as much for an expatriate to be working abroad than for someone who is native to that country to

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<sup>1</sup>Conger, Jay and O'Neill, Colleen; Building the Bench of Global Leadership, HR People and Strategy, Vol 35/Issue 2, 2012.

be employed there. Many of the activities required to prepare people for global leadership come with a high price.

### **Candidate shortage.**

To fill any pool for a global leadership program, particularly in the emerging markets, there is a major shortage of talent. It has been observed that it is within these fast-growing markets that all of the challenges described in the classic 1997 McKinsey report “The War for Talent” are most evident and acute today.

### **Unclear end objectives.**

Are we preparing an individual to take a specific assignment in a designated country, or are we attempting to develop someone capable of moving anywhere at any time in any functional assignment and succeed? While there are people on both sides of that argument the consensus would seem to be for a more modest target of preparing someone for a specific assignment.

### **A conceptual model**

A global leadership development program

must take place within the context of the company’s long-term strategy. Once that strategy is defined, the organization needs to take several steps. Here’s one model to consider:

1. Create a new mindset and awareness among the senior leadership team.
2. Establish a new culture and context that will support the creation of global leaders.
3. Identify the unique capabilities required of a global leader for your organization.
4. Begin developing future global leaders early in their careers.
5. Utilize the most proven development techniques.
6. Devise ways to better identify global leadership potential.

#### **1. Create a new mindset**

There needs to be a powerful and compelling case created for the importance of investing in global leadership development. The IBM organization, for example, estimates that it will need 50,000 such candidates for global leadership positions in the next three years. This obviously requires a major investment. Top man-

agement must realistically analyze future requirements. Once those requirements are agreed upon, they can then begin the process of developing that talent. The specific global markets the firm seeks to penetrate need to be identified. The demands of overseas assignments need to be acknowledged, along with their career implications for those who accept them. Additionally, the consequences of making serious mistakes need to be acknowledged.

One firm placed a Korean leader over a new company operation in Japan because there was no executive in Japan with the capabilities to manage a start-up business. They chose to ignore the animosity that is still felt by some between these two cultures. The company proceeded to pour huge resources into making the new venture a success. Within a year it failed. Observers attributed the failure to the simple mistake of putting the wrong person in charge. This excellent Korean executive would have succeeded elsewhere, but not in Japan.

Creating this new culture and context involves identifying internal mentors who can provide ongoing counsel

## 2. Create a supportive culture

The senior team must collectively be committed to this endeavor. Savvy CEOs have announced that highly promising leadership talent is “owned by the CEO and the Corporation” and does not belong to a division. Their deployment will be for the best of the firm and not always for the betterment of one division.

The new culture will include posting overseas assignments. Volunteers will be sought, because organizations have learned that those who voluntarily embark on such assignments invariably succeed with greater frequency. The support being offered to those who embark on an overseas assignment should be clearly identified, including language and cultural awareness training along with the financial incentives.

Creating this new culture and context involves identifying internal mentors who can provide ongoing counsel to those who are considering such assignments. Exploratory trips for the candidate and

family are a good idea to provide reasonable comfort with the potential living conditions involved in a global assignment.

The policies that govern such assignments should be transparent and discussed with candidates and their families. The duration of the assignment should be provided so that families can plan, and assurances should be given that the organization will act in good faith to provide meaningful and challenging assignments to the individual upon their return.

### **What differentiates one culture from another?**

We all intuitively recognize that the culture we grow up in shapes our values, our beliefs, and our overall world view. One set of authors described it as the software of the mind.<sup>2</sup> Their analysis suggests that there are five distinct cultural dimensions. Our view is that no organization wants its global leaders to attempt to adapt the cultural perspec-

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<sup>2</sup>Geert Hofstede and Gert Jan Hofstede, *Cultures and Organizations: Software of the Mind*, McGraw Hill, 2005.

tives and values of the country in which they serve. But you can expect them to be aware of these differences and to act in a respectful manner with those who possess sharp differences to their own.

### **Power differential.**

To what degree does a culture accept that power is not evenly distributed? Are they constantly assuming that they should be working to remove any cultural disconnects? In cultures with a low power differential, people are comfortable disagreeing with their manager.

### **Individualism versus collectivism.**

To what degree do people primarily look out for themselves, versus look out for the collective good? Is there a prime allegiance to a strong, cohesive group, or does the individual come first?

### **Assertiveness versus modesty.**

This refers to the orientation of preferring competition, challenge, and advancement versus positive relationships, cooperation, and security.

### **Uncertainty avoidance.**

Not to be confused with risk avoidance, this quality describes a culture's feelings of anxiety when confronted with uncertainty and ambiguity. It manifests itself in its orientation to seeking rules that govern behavior.

### **Long-term versus short-term orientation.**

A long-term orientation favors long-term rewards and therefore emphasizes persistence and thrift. The short-term orientation places greater emphasis on honoring saving face and fulfilling immediate social obligations.

These dimensions ultimately make up the software of our minds. The hardwiring of the brain leads us to avoid threats and danger and move toward experiences that are pleasurable.

### **3. Identify Required Capabilities**

It is often thought that the competencies required of a global leader are simply the highest level of proficiency for each one of the traditional leadership competencies. But that conception is not correct.

“Being open to experience” and “knowledge of multiple cultures and languages” were among the top attributes required by global leaders.

There are some distinctive qualities that global leaders must possess.

The other non-helpful approach is to greatly compound the set of expectations. For example, a Fortune 50 US-based bank at one time had 250 competencies associated with global leadership. Others came up with a more modest list of 60. We find such lists to be far beyond the bounds of being helpful. No one can keep that many competencies on their personal radar screen.

We'll simplify it a bit by suggesting some specific competencies that global assignments demand, and then some character and personality traits that are highly desirable.

### **Essential traits of a global leader**

**Character.** An overseas assignment often places an individual in a new environment, bereft of any of the support structures that have typically surrounded them. There are countless horror stories of leaders for whom this new autonomy and lack of close supervision has resulted in disastrous outcomes. This means that the first

consideration the organization must have is on the general character of the individual. While good character is needed everywhere, it is absolutely essential in these assignments.

**Stability.** The organization needs to find someone who is emotionally stable, calm under pressure, resilient in the face of challenges and delays, and enjoys a rock-solid relationship with a spouse or partner. Such individuals need to be intellectually curious and open to learning in new situations. Adaptability and flexibility are key in such assignments.

**Inquisitiveness.** We conducted a series of interviews with the executive team of a large global apparel company. The most frequent answer to the question about the unique requirements for someone to operate globally was rather consistent. The answer invariably came back to "inquisitiveness." Sometimes it was phrased as "curiosity" or "open-mindedness." But along with the usual requirements for being self-aware and willing to engage in a personal plan of development, the requirement for success in global assignments is

clearly seen as a willingness to learn about and appreciate a new culture. A study by the Leadership Research Institute found that "being open to experience" and "knowledge of multiple cultures and languages" were among the top attributes required by global leaders.

**Motivation.** There is also an interesting question about what motivates the individual. Not everyone is eager to work in a new country and culture. Finding those people who are motivated to work internationally and take on the complexity and challenge of such an assignment seems to be another key to success.

**Tolerance.** An assignment in a different culture calls for greater tolerance for differences in approach and pace. Sometimes there are inefficiencies that may be outside of your control. Obtaining permits and licenses from the government, getting equipment installed, and even obtaining a local driver's license may be totally different than the processes in a home country.

## Specific competencies of a global leader

In addition to these general qualities of character, there are some specific competencies that are highly beneficial for the global executive to possess. Our firm conducted some research that helps shed light on what these characteristics should be.

In a study of 108 senior executives, we identified the leaders who were rated at the 90th percentile in their global perspective. These leaders were viewed as the best global leaders in the company. We then looked at factors that separated them from other senior executives. The following emerged, all of which were statistically different.

**Strategic Perspective.** These executives had a much clearer view of the future of the company. Because of their excellent relationship with customers they were much better at anticipating market and economic trends. The result was that they took a longer-term view of the business and the market. They were also more effective at taking the broad strategy and

The best global executives had excellent analytical capabilities, such that they were able to spot trends and see around the corner.

translating it into meaningful goals and objectives in their organizations.

**Customer Focus and Understanding.** The best global leaders had both a knowledge of and intimacy with customers. They understood their customers' needs, concerns, and problems. They often viewed themselves as partners in assisting their customers to accomplish their goals and objectives. They had an excellent relationship with customers, who in turn trusted them and then trusted the business.

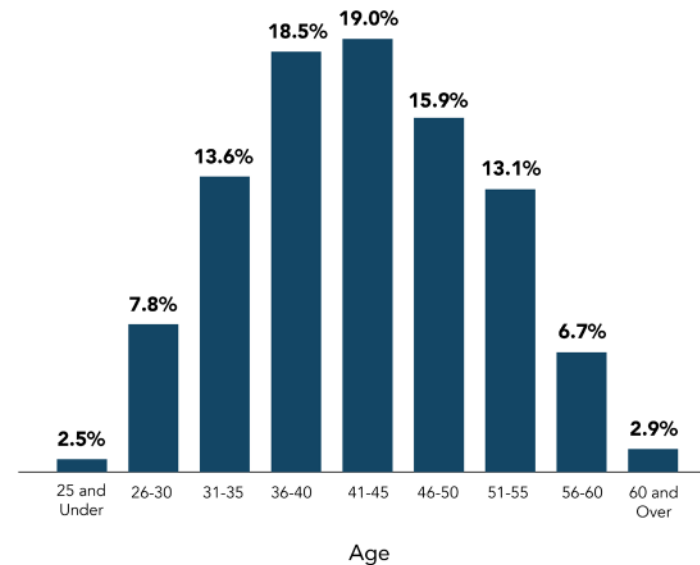
**Spotting Trends.** The best global executives had excellent analytical capabilities,

such that they were able to spot trends and see around the corner. Looking at the same data, they were able to identify issues that others passed by or ignored. One executive in Mexico noticed that the monthly revenue had declined. He had seen variations before, so this was not unexpected, but this seemed different. He called a few friends in other companies and asked if they had seen the same trend. To his surprise all had but thought nothing of it. After consulting with several economists and other company financial executives he decided to delay an expected expansion. He didn't know it at the



There are times when a leader must address a weakness in order to improve their performance, particularly when the weakness overpowers their positive traits.

Fig. 1 – Average Age of Leadership Development Participants



time, but he had predicted a significant economic slowdown.

**Engaged Team.** The best global leaders knew how to build a highly engaged and committed team. They created an esprit de corps within their team that leveraged the skills and commitment of others to accomplish stretch goals and objectives. Their teams were the most desirable places to work in the company.

**Willingness to Take Risks.** The best global executives were willing to take risks and capitalize on unrealized potential. They also recognized others in their organizations for taking risks.

**Deep Knowledge and Expertise.** Business today is complex both because of technology and the difficulties of doing business around the world. These executives were viewed as some of the most knowledgeable and experienced in the

world. They understood all aspects of the businesses that they ran.

#### 4. Start Earlier

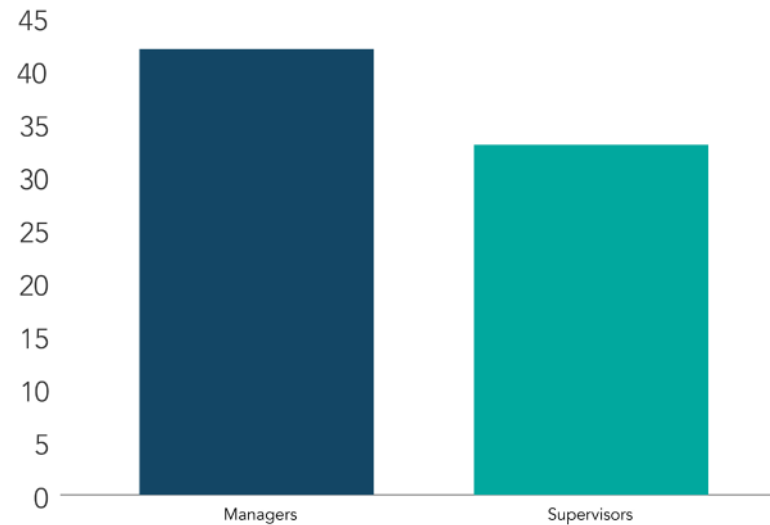
Based on our database of over 50,000 leaders, the average age for participants in company sponsored leadership development programs is 42.

Note that just slightly more than 10 percent of leaders received training before the age of 30. Note the average age of those with the title of supervisor (which is most often the first leadership position people have) in Figure 2.

On average, supervisors are 33 years of age (which means that half are younger than 33). But fewer than 10 percent receive training earlier than age 30, and less than 25 percent of leaders receive training prior to age 35. This suggests that more than 75 percent of our managers receive no formal training for their first position.

Given the added complexity of preparing people for overseas assignments, and with the language requirement and cultural awareness demanded, we think this

**Fig. 2 – Average Age of Supervisors and Managers**



argues strongly for getting started at an earlier time in a leader's career.

#### 5. Utilize proven methods

Traditionally, leadership development programs have used a variety of learning methods. The most prominent are:

- Case studies
- Lectures
- Discussion groups
- Reading assignments
- Simulations
- Action learning
- Coaching

Effective leadership development programs in the future will:

- Define what participants need to do differently upon returning to their jobs.
- Offer skill-building activities targeted specifically to an individual's needs, based on personalized data collection such as 360-degree feedback.
- Create action-learning projects in which participants tackle real and important issues the organization faces and in which they take some role in implementing their recommendations.
- Use respected, seasoned leaders

inside the firm that explain how things are best accomplished inside the organization.

- Provide engaging and realistic simulations that let participants experience the consequences of their decisions in compressed time.
- Provide mechanisms for follow-up and tools for holding people accountable for making changes.

All of this will be based on some principles that we believe should govern future development:

- Practical, concrete content that can be immediately applied. Steer away from academic and highly theoretical material.
- Job-related activities rather than ones extraneous to the real work of the organization, despite their excitement or entertainment value.
- Highly involving, emotionally engaging, action-oriented learning methods and personalized activities.
- Ongoing activities rather than one-time events.

- Feedback mechanisms from peers, staff, and people higher in the organization.
- Using the most respected, talented executives of the organization in the learning processes. Let them coach the aspiring leaders.

Global leadership offers some additional tools for development. These include specialized action-learning projects focused on global issues. Other development could include trips and travel to these locations.

### **The importance of building strengths**

In our experience of working with leaders over many years we've found that the majority of leaders gravitate towards a development approach of identifying and fixing weaknesses. This comes from a lifetime of being measured and appraised based on shortcomings. There are times when a leader must address a weakness in order to improve their performance, particularly when the weakness overpowers their positive traits and brings down their overall effectiveness. However, we believe that in most cases of developing leadership

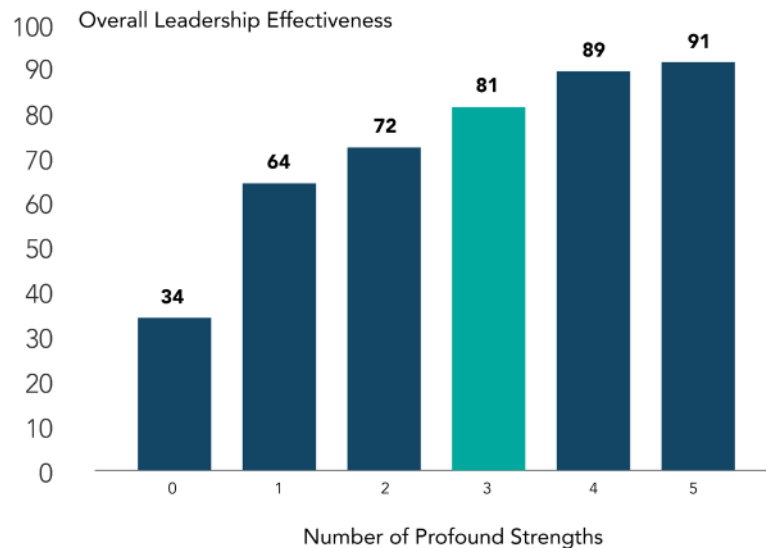
capabilities, the superior approach is to identify and build strengths.

### **Why leaders should focus on building their strengths**

In the original research behind the book *The Extraordinary Leader*, 360-degree feedback results of over 20,000 leaders were studied. From that group, the top performing 10 percent of leaders were compared against the bottom 10 percent to identify what made the two groups unique. The findings have shaped our approach to leadership development, which has been adopted by thousands of leaders in hundreds of organizations. What differentiated the best leaders from the worst was not the absence of weaknesses. The research showed that even the strongest leaders were not perfect; most had average or low scores in one or more leadership competency. What made the greatest leaders different was the existence of profound strengths.

Figure 3 demonstrates our research that shows when a leader lacks any profound strengths, their effectiveness on average will be at the 34th percentile. However,

**Fig. 3 – Effect of Profound Strengths on Overall Leadership Effectiveness**



when a leader has just one profound strength, their average leadership effectiveness increases to the 64th percentile. With just three strengths the leader's effectiveness jumps to the 81st percentile.

### **6. Utilize more rigorous methods for assessing global leadership potential**

A variety of instruments have been created to assess global leadership potential. These include intercultural effectiveness tests, multicultural personality instruments, global mindset inventories, and global

competency inventories. Given the complexity of the qualities being measured and the relative newness of the procedure, it's not surprising that the predictive value of these instruments is not high.

IQ tests are quite predictive of ultimate job success. Some personality tests have also been found to be predictive. A routine interview is not predictive, but a structured behavioral interview is. Letters of recommendation have absolutely no predictive value. But the analysis of an individual's

LinkedIn page, Facebook page, and blogs can prove valuable in assessing some of the attributes noted earlier, such as character, inquisitiveness, and motivation.

### **Conclusion**

As global organizations expand, the need for effective global leaders is magnified. Our research and experience indicate that many organizations lack clear direction in their strategy to develop and promote leaders who can take their business to the next level overseas. A focus on creating awareness of the issue and establishing support for global leadership development is clearly the first step. Then identify the unique characteristics and competencies of effective global leaders and work to develop these early in the careers of the organization's talent pool (using a proven approach to identifying and developing strengths). By putting into practice these recommendations, organizations will be in a far better position for successful global expansion led by extraordinary global leaders.

## About Us

Zenger Folkman relentlessly seeks to rise above the inconsistent, and sometimes misleading, nature of popular leadership philosophies and beliefs brought on by opinion. The discipline of leadership and those who pursue it deserve better. Our most valuable asset is the expertise of combining hard data and statistical analysis with logical explanations and actionable application that help individual leaders thrive and organizations succeed.