



By Paula A. Klein

[It's 9:05 a.m.] *Do You Know Where Your Workforce Is?*

In a global economy, with employees dispersed from Des Moines to Dubai, strong management practices are key.

The term *global business* is officially redundant. Regardless of where your headquarters building may be, how big your company is, or what industry you're in, it's nearly a given that you're either doing business outside the United States or planning to.

But it's one thing to talk about selling products overseas and quite another to manage hundreds or thousands of workers scattered around the globe, from a variety of backgrounds and levels of training, all under one corporate banner and, presumably, with a common goal. How to handle HR policies, meetings, salary levels, time zones, job titles, workplace conditions, currencies, and languages?

Despite an increasingly dispersed executive workforce, companies are struggling with ways of handling and training expatriate employees. According to a recent Mercer survey of 243 multinational companies, the number of workers on international assignments has doubled over the last three years. Nearly half of companies surveyed have increased their expatriate ranks—defined as employees on one-to-five-year assignments—and 38 percent reported an increase in “global nomads” who relocate on multiple assignments.

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Arrow Electronics' Brian McNally knows about globalization firsthand. About eight years ago, he relocated his family from New York to the United Kingdom to handle the \$16 billion company's computer-products and components businesses in nine countries. Back in the States in 2004, he became president of Arrow's North American components business. And recently, he headed overseas again, as corporate VP and president of European, Middle Eastern, African, and South American operations. His home office is just south of Frankfurt, but about one week each month, he returns to his family home near Arrow's headquarters in Melville, N.Y.

"It's definitely more challenging to take an overseas assignment," McNally says. "It's more complex than a home-based position," and regardless of your background, "you have to relearn things and reshape your assumptions." For ex-

Localized vs. Centralized

McNally is hardly alone in his global job requirements. "The Borderless Workforce," a 2008 Manpower Inc. survey, catalogs the shifting global workforce's impact on career advancement, worker-migration patterns, organizational structure, and job descriptions. The report cites several key contributing factors: demographic changes that are causing talent shortages; changes in job-skill requirements, causing shifts in the supply-and-demand model for the labor market; and globalization and the Internet, which are creating a more connected and accessible world.

The trends are irreversible, argues Richard Wellins, senior VP at HR consultancy Development Dimensions International. Global businesses must adapt to new organizational structures or lose out to more nimble competitors. "Global corporation' is an oxymoron," he says.

Roman Raslin, VP of sales for Luxoft, is another typical global manager. While he grew up in the United States and has worked out of his company's New York office since 1997, Raslin was born in Russia and travels to headquarters in Moscow at least four times a year, in addition to making frequent trips to his consulting clients in the United Kingdom.

Luxoft offers software outsourcing services worldwide to about one hundred customers and has a decentralized organizational structure and some three thousand employees. The consulting division in New York oversees sales forces around the world. Managers "report up to headquarters, but we have a lot of autonomy," Raslin says.

As a high-tech firm, Luxoft encourages data-sharing and collaboration. Customer-relationship management and Web-based systems bridge geographic boundaries, and Luxoft man-



ample, with his business and electronics background, he typically "manages on gut feel," instinctively using his skills to help his team make decisions. "But that goes away when you're overseas. What you assume is just not the same on another continent."

Nevertheless, he says, living overseas paved the way for his career advancement. "Because I was here and maintained my ties, it's been an easier adjustment," he says. "The key to making good decisions is an understanding of local politics and society. You should be as close to ground as possible to understand the markets."

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In emerging markets, people of every race and background now work together. "That's what diversity is really all about, and that has a big impact" on operations. "Organizations need to reflect what's happening in the world" both in the composition of their workforce and in how it's managed.

agers keep in constant touch via Internet phones and videoconferencing systems. Annually, Raslin meets in person with executives who manage staffs in Vietnam, Ukraine, Romania, and Canada, to compare notes on sales strategy, technology approaches, and customer requirements. "We use the same materials

WHO GETS IT RIGHT?

GLOBAL BUSINESSES THAT INSIST on using one organizational model everywhere, imposed from a central headquarters thousands of miles away from local offices, may have their management work cut out for them.

While centralized HR services work for many, truly understanding the local market is key, analysts say. Most multinationals are starting to realize that labor laws and compensation vary country to country and “sometimes, old models just don’t work,” says DDI senior VP Richard Wellins.

Businesses must be humble and fully aware of local cultures and markets, he says. Dell encountered problems with mail ordering in some countries. Home Depot didn’t know that women generally buy hardware in South America, so its stores were geared toward men. And Avon had to rethink its distribution channels and products when it set up in China.

The same goes for reassessing management style and approaches. Toyota “is amazing as a global company,” Wellins says, because it establishes a similar leadership style among managers regardless of location. “They pay attention to the differences, but the plants are all in sync.”

At Toyota, there are different models and regulations to accommodate, but “corporate culture trumps local culture without stomping on it. That’s the model large multinationals should follow,” he says.

There will always be “tension and tugs, yin and yang at global corporations,” Wellins maintains. They must constantly assess whether products, structure, and talent-development practices will work everywhere. At Unilever, for example, shampoo may never have been introduced to the rural Indian market if the company had not first sent marketing staff to live in the country for four to six months. The local team determined that this luxury item wasn’t affordable in large sizes, but when it was repackaged in single-use sizes, sold by local women, and reformulated to eliminate animal oils, it sold well, Wellins says. “This is a perfect example of leadership that stayed close to the market and made the right moves.” —P.A.K.

for our clients, localized for each market,” he says.

Nevertheless, on a day-to-day basis, distance can take its toll. When you’re an eight-hour flight away from the home office, most issues must be solved on the spot. “When you grow and add people quickly, you have to overcome cultural differences,” Raslin says. Most of the company’s younger workers speak English, but work hours, customer requirements, and expectations are very different in Eastern Europe compared to the East Coast of the United States. And when Russia closes down for national holidays from December 31 to January 12, the impact may be felt at offices around the world. Constant travel takes its toll on managers, too.

Despite “a tremendous amount of attention now paid to global workforce issues,” not every business is well prepared, says consultant Peter Linkow, research leader of The Conference Board’s Research Working Group on Managing a Distant Workforce. His most recent report, “Meeting the Challenges of a Dispersed Workforce: Managing Across Language, Cul-

ture, Time and Location,” shows that most companies are grappling with unprecedented challenges in human resources and leadership development.

The Forgotten Overseas Manager

There’s “a very fundamental difference in managing a company when a large percentage of workers are dispersed around the world. You can’t use the same tools as in the past,” says Eric Mosely, CEO and co-founder of Globoforce Ltd., which develops incentive programs for global businesses.

Mosely, an Irish native—the firm is co-headquartered in Dublin and Southborough, Mass.—sees HR as the linchpin for global organizations because employees ultimately make the difference between success and failure in international expansion efforts. He says businesses have to strive for equal pay, benefits, and career-advancement opportunities across the globe or “employees will rebel.”

But even if an HR department agrees in theory, best practices are more difficult to implement. A financial recognition program may be welcomed in one region

of the world but seen as a slight elsewhere. Amounts and types of incentives must be geared to local norms.

Additionally, collaboration and communication are huge challenges. When your staff is spread around the country—let alone the world—“monthly CEO updates aren’t enough,” Mosely says. And while much has been said about the productivity and customer-service gains of 24/7 work hours, “Time zones can hurt productivity, and cross-national projects can be killed by disharmony. Multinational teams also can build resentment,” he says. Constant travel is an “unbelievable burden” affecting not just those on the road but their divisions and the company culture as well.

At Luxoft, thirty to forty local recruiters are responsible for each region, and the company tries to standardize processes and criteria for job candidates, according to Raslin. HR monitors career progress, conducts reviews for promotion, and offers education and training at the local level for sales and technical staff.

Even with the best efforts, many global managers feel forgotten once they’re

untethered from the home office. A recent Development Dimensions International study shows that too often, these managers have little preparation for the assignment, and poor support once there. Executives are assuming “more critical positions but getting less attention than others,” says DDI’s Wellins. Many stay in an American community while abroad and never learn or experience the local culture, which holds them back in business. Overseas managers need to become

“contextual chameleons, becoming part of the culture” and going out with employees and partners to gain their trust.

Through Global Lenses

At the same time, “We ask: ‘Is a good leader automatically a good global leader?’ And the answer is usually no,” according to Wellins. Some standard characteristics apply to managers everywhere, of course, but the global job is substantially different. “A global leader

sees through different lenses—near and far. There’s constant change and complexity,” he says. For those who relocate to another country, adjustment takes a long time. “You can’t be arrogant,” he says. “What works at headquarters doesn’t work everywhere else—even if it worked for twenty-five years.” (See “Who Gets It Right?” on page 57.)

Wellins notes that some businesses hire and promote people who “have global mindsets”—they speak several languages, have overseas experience, and exhibit personality traits that make them a good fit for international assignments. Specifically, he says, companies value open-mindedness and intelligence as well as the ability to play well with others.

Though Arrow conducts business in English throughout its operations, president McNally speaks some French and is learning German—and still finds communication a big challenge, with plenty of nuances. “You can’t take anything for granted,” he says. Listening and asking questions are very important. “Americans often assume that policies are the same across all of the countries in Europe as in the United States—and Europeans hate that. We have to learn from one another.” With all these considerations, sometimes business takes longer, but McNally says he builds that into the plan and that ultimately, it’s worth the extra effort.

Jennifer Reimert, senior director of global compensation at Symantec Corp., has faced global management issues for more than a decade. When she joined the software company eleven years ago, it had offices in about thirty countries, she says. Today, as a result of growth and acquisitions,

Symantec operates in fifty countries and 220 cities. “A global environment is really becoming the norm.”

Symantec has centralized its HR policies at headquarters in Cupertino, Calif., including standard job grades and levels.

From a Distance

PETER LINKOW, research leader of The Conference Board’s Research Working Group on Managing a Distant Workforce, offers ten crucial steps for distance managers:

1. Recruit for character, build fundamentals, then develop distance competencies
2. Emphasize relationships as much as tasks
3. Create intra-company collaboration, then assess it
4. Build a solid communication infrastructure
5. Secure the upper management support that employees need to be successful
6. Set clear goals and then empower distance employees to determine how to achieve them
7. Focus managers on creating a work environment that enables employee achievement
8. Concentrate on on-the-job development
9. Approach cultural differences with an open mind
10. Support the distance managers who report to you

Linkow further suggests this action plan:

- **Identify** the key barriers and challenges to management effectiveness. Are they language and culture? Skills? Training? Technology?
- **Don’t underestimate** the effects of excessive travel. Sure, you can communicate 24/7, but it’s not easy to field conference calls at 4 a.m. or to leave family for extended periods of time. Stress and burnout are often not recognized or addressed.
- **Set up** a global managers’ advisory group to discuss challenges and get early warning of problems. More sabbaticals or extended time off between assignments can ease burnout and stress. Greater compensation might also help attract and maintain a supply of qualified global managers.
- **Establish** formal communication infrastructures and policies. High-performing distance managers overcommunicate. Defined meeting times, specific agendas, and scheduled in-person time will help build relationships and improve productivity. Social-networking technology to support collaboration and keep distant managers visible is very important to avoid isolation.
- **Create** new management job descriptions that emphasize interpersonal skills, autonomy, and self-assessment. Then introduce tools to track the results against the goals.

—P.A.K.



"A Grade 8 is the same around the globe," she says, meaning that while some responsibilities may differ, the jobs carry the same weight and require the same level of experience and education. Compensation levels are also equivalent and are based on function, not location. The system works well most of the time, Reimert says, and there is a lot of communication.

As with Luxoft, Symantec has local HR reps on the ground globally—in the United States, Singapore, the United Kingdom, India, and Canada—to provide information and help employees with career development. Reimert has traveled to Singapore and other countries, meeting with her direct reports as well as other employees. "It's always helpful to go there and for them to come here," she says. "Every site has its own culture and feel, even though we try to have a strong corporate culture and philosophy." And there are always a few bumps. When Symantec merged with Veritas in 2005 and gained two thousand Indian employees, for instance, it "took some time" to meld the two organizations.

Across Hemispheres

Peter Linkow, who is also president of Newton, Mass.-based WFD Consulting, sees problems that go far beyond HR in scope. Based on his dispersed-workforce study, the biggest problem is that "fundamentals are weak." Like Wellins, he sees management development on the decline instead of rising to keep up with the need. Many global executives are "thrust into the role without adequate training." Beyond that, they're managing more direct reports without good performance-management assessment, in which goals are set and there are metrics to measure against. "When you're in a different hemisphere, getting visibility and advancement opportunities" can be difficult, he says. Performance-management programs help level the playing field.

Grooming strong global managers is



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also an important part of the equation. Managing a distant workforce is about "having a character and attitude that's inclusive, empowering, supportive, and nurturing. You need to inspire trust and cultivate relationships, not focus on tasks," Linkow says. Businesses need to identify managers with these traits and build their competencies. It's also critical, he says, to be concerned about outcomes, not process. With dispersed workforces, managers should "help employees define the work, then leave them alone to do it. You can't micromanage at a distance." Once in place, these managers, too, need autonomy to set goals that align with the business. (See "From a Distance," page 58.)

It's a delicate balance to be supportive but not overbearing to long-distance staff. Even with years of experience, most businesses have not mastered remote management across geographies, says Atul Vashistha, CEO of neoIT, a San Ramon, Calif.-based consultancy focused on offshore and global sourcing. Most managers don't work well in cross-cultural environments, nor do they adequately use technologies and tools for better team collaboration, he says. "In 2009, we need to focus on this. We have to do training across virtual environments and increase investment in tools like business-process optimization, social networks, and wikis," he says. The next phase of global management will include more videoconferencing and what he calls *telepresence*. In addition, business processes must reflect new ways of doing business, he says, or benefits will be unrealized.

Globeforce's Eric Mosely advocates a centrally managed, shared-services HR model, such as Symantec's. "There has to be a common base that works from the core values of the company," he says. For instance, recognition programs rolled out from the head office and tweaked locally seem to have the most success. But he also warns that HR has to be flexible. It can't just shut down local programs and replace them with a directive from headquarters—especially in the case of an acquisition. Consensus-building is the best course to take.

As with so much in business, successful global workforce management boils down to great leadership, DDI's Wellins maintains. His advice: "Identify potential leaders and give them the preparation and support they need." After that, it's sink or swim. Usually, only 30 percent of what managers learn from classes, coaching, and the like will really work well. The other 70 percent will come from on-the-job experience. "Eventually, you get thrown into the pool," he says. "If you're qualified, and have been guided by a mentor, you have a higher chance of success." ■