

## The Nature of Effective Global Leadership

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**Highly effective global leaders, despite their many differences, act in many consistent ways and have certain experiences in common that taught them how to lead. These lessons can help companies do a better job of developing people to lead with a global perspective.**

Over the years, Cambria Consulting has studied highly effective leaders in a select number of successful global companies – companies that have successfully managed the transition from large, hierarchical organizations with centralized decision-making and slow-moving processes to agile and highly effective players in the global marketplace. Companies including ExxonMobil, Alcoa, United Technologies, Cisco Systems, Microsoft and General Electric have not only been successful gaining dominance in their respective markets, but have built a bench of top-flight leadership talent to fill key positions.

Many of our studies involve in-depth interviews with leaders of such companies. These interviews are designed to understand the current and emerging challenges these leaders face and how they deal with them. In the process, we not only discover what highly effective leaders do, but the characteristics they share and how they developed as leaders. Our aim is to develop practical models of leadership and leadership development, identifying the characteristics of highly effective leaders, and understand the “secrets” of leadership development. What we learned from these interviews was distilled into a set of “success factors” that described how effective senior managers dealt with a wide variety of situations. But we also learned a great deal

about career experiences that prepared people for leadership, what constitutes effective developmental experiences for high-potential employees, and how to think about the requirements of different enterprise jobs in a way that defines more precisely the capabilities required for best performance.

### **What Effective Leadership is About**

There is no generic model of leadership that fits every situation. Even the Navy has abandoned the maxim that “a good leader can lead anything.” We learned that effective senior managers face a variety of difficult challenges in their jobs, and the capabilities needed depend on the nature of the challenge being addressed.

Many of the recent texts on leadership emphasize what great leaders have in common: qualities like integrity, trustworthiness, ability to learn, visionary abilities, and intellectual breadth are some common examples. While it seems obvious in retrospect, however, the demands of different situations require different profiles of abilities and characteristics. Business challenges as diverse as “turn-around,” “start-up” and “growth” require an emphasis on some success factors over others. The success factors related to successful entrepreneurship are not so important in a turn-around situation, nor is tough-minded

decision-making as important as key a characteristic in a start-up or growth situation.

The leaders we interviewed who seemed especially well matched to the challenges of their job had a balance of success factors that reflected the requirements of their situations. These jobs, however, will change as current challenges are displaced with new ones, and an incumbent who is an effective leader today may not be as effective tomorrow. By understanding the connection between the challenges of the job and the success factors needed by leaders in those jobs, we are able to anticipate future leadership profiles for positions whose scope and substance will change.

Having said that leadership requirements can vary dramatically by the situations in which they are required to lead, there are some broad common characteristics of leaders at the business unit management level. These characteristics were defined behaviorally in terms of success factors that emerged in stories of how effective leaders handled significant events in their current and recent past positions. Some important differences also emerged between what is commonly thought of as leadership and what effective leaders demonstrated through their thoughts and actions. These distinctions bear noting, because they shape the leadership competencies that were identified.

### **How Effective Leaders Act**

What we have learned about highly effective leaders of complex, global companies, is a shared set of actions, behaviors and attitudes:

- Effective leaders strive for dramatic improvement, not incremental improvement. Effective leaders set very challenging goals and short time frames for their accomplishment, beyond what people in their organizations believed could be accomplished at first. The philosophy of continuous improvement, which must go on in the normal workings of the organization for it to be successful in the long term, should
- be managed and executed at all levels, but the role of the leader requires pressing for discontinuous improvement.
- Effective leaders gravitate to challenging situations rather than wait to have challenge thrust upon them. Effective leaders love living outside their comfort zones, and seek assignments that provide ever-increasing challenge to their capabilities. They are easily bored if there isn't enough excitement, hence the next characteristic of effective leaders:
- Effective leaders drive change rather than simply deal with it. Effective leaders do this when the business is challenged, but more importantly, they also do this when things are going well. This is because they recognize that complacency is a danger when people get too comfortable with their success. Coping with change is like "coming to work"; everybody has to do it. What is special about the role of the leader is that they put constant pressure on their organizations to re-think the ways things are done and they create pressure for innovation and improvement to keep people stretched to their maximum capabilities.
- Effective leaders push for commitment, not necessarily agreement. Effective leaders get people to "sign up" for challenges and seemingly impossible missions by explaining why these objectives are necessary. They do not expect everyone to agree at first, and do not manage by consensus or worry about getting everyone to buy-in before they make decisions.
- Effective leaders do not have all the right answers, but act anyway. Effective leaders do not analyze situations to death, but instead use their judgment seasoned with experience to take action despite uncertainty surrounding the consequences of their actions. The name of the game is "being right most of the time," and being able to correct their mistakes. This means being able to reverse bad decisions at the

earliest opportunity, rather than hanging on to a faulty strategy or objective because of their personal involvement with the analysis leading up to the initial decision.

- Effective leaders understand complexity but strive to make things simple. Effective leaders have the ability to grasp complexity, but also understand that the gap between understanding complexity and taking action is insurmountable unless they can translate their vision into simple objectives that others can understand and act upon. While ineffective leaders tend to "complexify" everything, effective leaders focus on the fewest, most important business objectives, use the company values to guide behavior, and explain how global trends can affect the average worker in the plant.
- Effective leaders are humble, not arrogant. Effective leaders project a high level of confidence and self-assurance, usually making a strong and forceful impression. However, despite their outwardly aggressive demeanor, they are privately aware that they do not have all the answers, have weaknesses as well as strengths, and need to spend more time listening to their people than talking at them. In short, they know that they, like everyone else, need to be open to learn, to invite different perspectives and ways of doing things, and to admit when they are wrong.

### **How Effective Leaders Learn to Lead**

Almost without exception, those effective leaders who have risen rapidly to key Business Unit positions had one or more of the following happen to them in their careers:

- Effective leaders experienced a variety of assignments in different functions early in their careers. By contrast, managers in operations, marketing and finance tended to develop functional expertise by remaining within their function. Preparing high-potentials for senior business positions,

therefore, should include early-career placement into meaningful assignments in different functions and/or management roles. In particular, operations and marketing positions constitute key developmental assignments.

- Effective leaders learned to lead by "just doing it," not by being trained to do it. Almost all effective leaders had the experience of being thrust into challenging assignments for which they were not prepared, either by choice or by assignment. These assignments produced the combination of "adversity, diversity and intensity" of experience that provided the stretch needed to exercise and develop their leadership capabilities. Formal training was sometimes cited as a useful supplement to this experience, but was no substitute for direct "sink or swim" experiences in consequential jobs.
- Effective leaders had a senior manager "godfather" who took an active interest in their development. These senior managers took the risk of placing budding business leaders in assignments of significantly greater scope and challenge than they had experienced before. They evidently saw great leadership potential in these people and decided to "make them an offer they couldn't refuse:" take on a much bigger job, move to a different business, or assume different functional responsibilities.

These findings are consistent with the Center for Creative Leadership's studies (Lombardo, McCall, et al.) of how leaders develop – largely through challenging assignments of significantly different type and scope. However, some additional elements should be considered in developing high-potential employees for future leadership roles.

- Having all experiences within a single function creates professionals with limited perspective. Senior managers who have grown up within one function have become masters of their functions and related

business processes but do not possess the versatility of capabilities required to lead large, complex, multifunctional business. Many of these people are what Lombardo would call "high-professionals;" people who are well placed but do not have the potential to move into business leadership positions.

- High-potential talent will stagnate if left in a job for too long, but moving people too quickly prevents learning "the lessons of experience." High-potentials who are moved rapidly through a series of assignments on their way to the top do not have enough time to master the new job or functional area, nor do they get the chance to live with their mistakes, and so do not benefit from these very expensive developmental moves.

### **The Power of International Experience**

Effective leaders in global companies need to understand how to operate in a global marketplace. Overseas assignments were frequently cited as important developmental experiences for building the capability to operate internationally.

Our interviews uncovered a range of important contributions that overseas assignments can make, and the following themes stand out to illustrate the ways these experiences affected leaders' abilities to address contemporary challenges:

- **Developing Flexibility.** Learning to survive in a foreign environment where cultural norms are radically different and English is not the native language provides a test of a person's ability to adapt to other ways of thinking and understanding. In particular, having to think and communicate in a different language forces one to concentrate on both how to listen and how to get messages across in negotiation situations, dealing with work force issues, and government relations.

- **Appreciating Differences.** In the United States, issues of diversity pale next to issues in other countries where the ethnic mix, huge disparities in levels of education and literacy, and cultural subgroups and tribal factions create additional layers of complexity in managing the human resource. Being effective as a manager requires understanding other cultures at the micro level, understanding why people think and act the way they do, and appreciating these differences. This is one of the keys to leveraging the talents of a diverse work force.

- **Transfer of Capability.** International experience provides one of the severest tests of a person's ability to transport experiences and lessons learned to different settings. One dimension of this is that operating in locations that are distant from corporate headquarters allows - and often demands - greater initiative and entrepreneurship. Another dimension involves the lessons learned when approaches that work in one country do not work in another, and one has to regroup, examine underlying assumptions, and adapt past learning to the contextual requirements of the new situation. This kind of experience generates personal breakthroughs in thinking "outside the box" and further ability to apply the lessons of experience to unexpected and more challenging situations.

- These themes illustrate not only the global reach and scope of thinking that is developed through international assignments, but an appreciation for and effective utilization of people of diverse cultures and backgrounds. As companies become more sensitized to the competitive advantages that an appreciation and creative utilization of differences can make, they will become even more formidable global competitors in the eyes of customers, the competition, and their employees.

## A Leadership Development Process

The career paths followed by effective leaders tell us things that we know about leadership development in other organizations - that leadership development is a staged process. The first stage focuses on developing functional experience and broad exposure; the second stage focuses on the transition from individual contributor to manager; and the third stage focuses on developing competencies through dealing with significant business challenges.

- Stage 1—Foundation. In the first five years, the emphasis is on developing technical, functional, and industry experience, and learning the culture and how to get things done within it. It is characterized by assignments of sufficient duration (two years or more) to gain mastery of knowledge required in a function, and assignments in more than one function. Once a person has been identified as high potential, this phase requires the presence of sponsors (e.g., skip-level manager) to identify appropriate assignments and/or supporting educational experiences to fulfill the developmental requirements at this level.
- Stage 2—Muscle-Building. In the next several years, the emphasis is on transitioning the individual from being an individual contributor to the role of team leader or manager. Assignments would focus on managing challenging and "first-time" situations, and further broadening experience in multiple functional areas. This stage focuses on investing in developing

high-potential people as its primary goal; here a person may move rapidly through a series of assignments to fill knowledge and experience gaps without having the time needed to show the business results that might obtain were he/she left in place over a longer period of time (the danger is keeping people in place too long at this point). At this point, senior managers become actively involved in sponsoring the individual's progress through assignments. How quickly an individual progresses through this phase is determined by meeting performance and development objectives rather than the time spent in the assignments.

- Stage 3—Mastering Management Challenges. The final stage emphasizes handling big jobs that require having the direct responsibility for challenges with significant consequence to the business. Assignments at this stage should constitute general manager-type challenges requiring key competencies which managers have had little or no opportunity to develop. In contrast with Stage 2, which focuses on investing in individual development as its main goal, Stage 3 focuses on getting a payout of this investment in performance in tough situations. Senior management sponsors review each person's accomplishments and development needs and recommend a sequence of challenging assignments of significance to the business and a good test of the person's readiness to move to senior management jobs.



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