

Global Business Alignment: the Intersection of People, Processes and Technology



-By Kristen Kenton, Kenton Talent Management

As the emphasis of the global economy continues to shift to accommodate growth patterns outside of North America, leaders are challenged with developing sustainable models to support different cultures, work processes and market delivery options. It's an exciting prospect for companies to envision growth in these new markets, but the globalization of business has created new obstacles along with exceptional possibilities. One of the greatest hurdles for global businesses today lies in the complexity of aligning people, processes, and technology within the context of culture, values, and regional sensitivities.

Kristen Kenton, President of Kenton Talent Management, a boutique talent management and executive recruiting firm, sat down with Chris Zlocki, Director of Consulting, Strategy and Innovation at Colliers International and an expert on global business alignment, to discuss the topic. Colliers International is the third largest real estate advisory firm in the world, and Zlocki is focused on helping corporate and institutional clients understand how to improve their revenue potential and operational performance through the strategic deployment of real estate footprint and capital expenditure planning. Zlocki has spent his career over the last 20 years helping companies think strategically about their businesses. He has helped numerous Fortune 500 leaders translate market analysis and product ideas into successful business operating models through the use of financial modeling, market analytics and scenario planning.

Kristen: When you think about global business alignment, and the potential intersections between people, processes, and technology, how has your background helped you become a subject matter expert in that area?

Chris: I believe contextual understanding and developing multiple frameworks/alternatives are key to helping any business. I leverage a methodology that's both top-down and bottom-up. Having seen the inside of many different companies and leadership teams, I think it is crucial to first consider where a company's positioned in the current markets, geographies, products they're developing, their business model goals and their position within their industry. Then, from a thirty thousand foot level, I try to understand where that company wants to go. Considering their operational performance goals from a market share perspective, a revenue-generating perspective, a cost perspective, etc. is critical in developing an operating

model that achieves bottom line results and better returns on both invested capital and human capital. Once I have an understanding of the company's framework, we can begin to test options for improvement. This economy has led most leaders to struggle with the direction and future of their business, because they are challenged with the headwinds and uncertainty in current markets they are serving. All industry sectors are having a hard time trying to understand where they want their business to be positioned in the next three-to-five year time frame.

This view is coupled with a pretty flat market trend for the evolution of North America. The projected new growth opportunities are to be found in areas such as the BRIC countries (Brazil, Russia, India and China). Inherently, most leaders today are challenged with how to refocus efforts on how to capitalize on this emerging growth outside their traditional boundaries.

Kristen: As a result, are leaders expected to take on more responsibility and be more global in their thinking?

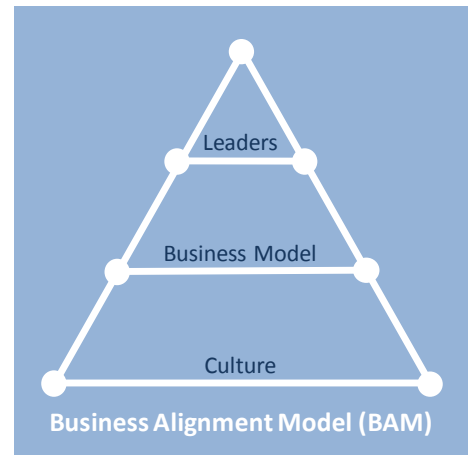
Chris: In the past, leaders may not have had the breadth of global responsibility they do now, or they were exposed to the operational and financial benefits of certain off-shoring and manufacturing strategies within a particular region. Because of continued challenges to the bottom line and the expectation to "do more with less," leaders are stretched to look at how the function they are performing may be implemented and may differ across not just one, but multiple regions. Because each region has its own cultural sensitivities, dealing with teams and customers in APAC, for instance, is different from dealing with them on North American soil. As a global leader, you need to have a cultural understanding of each region's sensitivities – an ethnographic comprehension of how employees live their life in and out of work. It is also important to empower regional leaders who truly understand both the operational goals and the cultural sensitivities in their market.

Kristen: How will this view of cultural awareness impact how companies hire and develop leaders?

Chris: I'd like to reference a statistic from a recent Center for Creative Leadership (CCL) study, focused on a relevant topic called "Boundary Spanning Leadership." Chris Ernst, a PhD at CCL, noted that in a recent survey, 86 percent of senior executives believe it is extremely important for them to work effectively across boundaries, yet only seven percent believe they are currently effective at doing so. In this case, "boundary" doesn't just mean geography. The boundaries span across time and function – different organizations such as HR and Finance, for example, and their ability to become more collaborative to achieve a larger goal. Given the complexity of business today, I found it interesting that in this global environment, the majority of leaders are struggling to figure out how to make their models more effective and how to get the most out of their people across the globe.

Kristen: You have said that a company's culture should be its foundation. Culture should drive the business operations, which ultimately dictates the kind of people you employ and how they are developed. How does business globalization impact a company's culture and values?

Chris: To reinforce what we discussed earlier, the real challenge for global companies today is how they balance the financial and operational needs of the business with the regional sensitivities that are inherent within each specific geography. Global does not mean universal; it means being culturally and respectfully aware of the region you are doing business in. Be it North America, South America, APAC (Asia Pacific), EMEA (Europe, the Middle East and Africa), etc., each region of the world has its own, very specific cultural sensitivities and the most successful companies work to align them with their business models. The companies that stay true to their culture and core values during difficult times are the ones that will continue to be successful. These companies and their leadership teams see adversity as an opportunity to drive a unique value proposition. They become known for their values and for staying committed to what's important to their clients and customers in that marketplace.



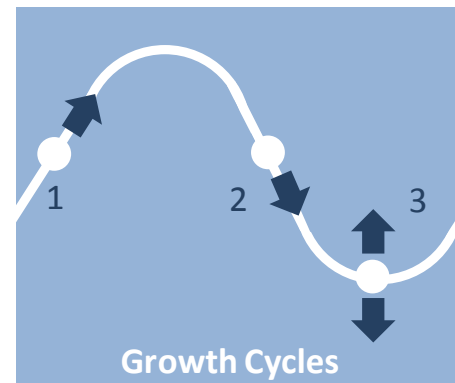
Kristen: Can you think of an example of an organization that has stayed in alignment with its culture and values during this difficult economic time?

Chris: HSBC comes to mind. Even before the banking industry challenges, HSBC had a model that was focused on risk investment strategies that aligned with their cultural imperatives and regional sensitivities. Their culture and values are as important as market share growth when deciding where to grow investment. When other companies began moving toward higher risk model investments – based on projected high yield returns, HSBC decided it was in their shareholders' and company's best interest to focus on investment that didn't put their customers and employees at risk. In the short term, they were challenged by the Analysts who were uncertain about their direction. However, as the banking collapse unfolded, HSBC had lower levels of the adverse effects that nearly crushed the other global banks and emerged as the strongest banking prospect. HSBC clearly cares about their customers and the regions they are engaged in. They are a leader in developing micro-lending programs in emerging markets, and their slogan aligns with their culture of being known as "the world's local bank." Their values of "Open, Connected and Dependable" align their leadership development programs, business model, investing strategy and market development opportunities.

Kristen: What other impacts on leadership specifically have you seen as a result of business becoming much more global?

Chris: I'll use the term "explosive volatility." Business has become more extreme in both a positive and a negative sense. Fast-growth companies are challenged to buy or merge with other companies that have a product or a process that their customers want to purchase quickly. In organic growth companies, if somebody has a great idea, the ability to get the idea to market immediately is becoming more intense. Speed-to-market is paramount. On the flip side, the valley drops are steeper and come very quickly. I don't think we're going to see as many long, slow curves in the markets moving forward. In the last ten years, we've seen at least three different

extreme peaks or valleys. A lot of this has to do with forces outside a particular industry or business, so leaders are expected to have a broader business view and are challenged with shifting gears rapidly. They may have been in fast growth mode, and all of a sudden they see a quick change in the marketplace, in the industry, or with some emerging technology, and now they have a challenged business model. So in the past, businesses tended to operate and drive more from momentum and changed within a high degree of probability. Today, I believe these external, shifting forces in the marketplace will continue to challenge leaders to make decisions more rapidly.



Kristen: You talked about three different business periods defined by where a company is in the "growth cycle." Could you articulate the three areas along this cycle?

Chris: The first is growth, or fast growth. Expansion is fundamental in this model. Businesses exist because they want to continue to grow, either organically, through M&A, or through some capital event that raises money. The second is what I call the "middle ground," which is focused on improving operational performance or effectiveness. The companies in this model are not seeing themselves in a fast growth or a fast decline. These organizations embrace operational improvements from the sales cycle to the back office. The third model, unfortunately, is in the consolidation mode. This business is losing market traction and needs to retrench. As a leader in this model, you have to ask, "How do we position ourselves to be successful again? How do we conserve cash? And how do we build a lean operating structure that supports that?" Companies have to hire leaders that understand where they are within the cycle and which of these models applies to their business. I mean let's face it: Business is meant to change; humans aren't. It's a real challenge. Most human beings are resistant to change and very few face these challenges without fear. Having an understanding of where you are in that continuum and how quickly you need to adapt is imperative for leaders. Each one of these models requires innovation. Innovation isn't creativity. It's okay to be creative, but that's just coming up with an idea. Innovation is taking an idea

and getting it to the market. Operationalizing it, commercializing it, and making sure that a marketplace wants it.

Kristen: Companies have been very focused on cost containment during this economic downturn. However, do you think leaders also need to consider innovation and rethink how they are doing business?

Chris: Sure. When any new business process gets put in place, there tends to be fervor around it. Off-shoring to Southeast Asia, for example, provides cost-cutting savings, there's no question. But the question is whether that's a blanket formula. You have to be able to, again, align your business model and your culture with the customers you're serving. For instance, establishing a major call center in Southeast Asia for an airline industry may not be the right solution on a 24/7 basis. But finding a methodology where you're aligning customers to the regions they're in might be a more balanced approach. I believe we are starting to hear more stories of on-shoring. Certain types of companies decided the off-shoring model, although it yielded short-term cost savings, was not a long-term solution for their customers and it might not have been in alignment with their culture or values.

Kristen: Any closing thoughts?

Chris: I think it's an exciting time. Once we understand how to align and leverage footprint, technology and communication to its fullest, we can better empower leaders to run successfully aligned global operations. There's been a disconnect because of time and because of the distance that's associated with running businesses. But now there are better opportunities to link senior leaders with their regional leaders through communication, through different processes, and through different operating modes that are more specific to the company's needs. We're in a challenging time but an exciting time because leaders are more focused on the cultural aspects that are important to driving their business.