

## Section Two

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# **What the Organisation Needs to Do to Support These Teams**

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## Introduction for Section Two

Welcome to Section Two of Leading International Teams.

- If you are a senior line manager or HR professional, this is probably the first part of the book you have turned to, which is great as it has been written specifically with you in mind. You are thinking about setting up international teams in your organisation, or you already have and you want to know what you can be doing to make them successful.
- If you are an international team player, you have probably already read Section One, so you know what it is you need to be doing, now you are curious about what support you could be getting from your organisation. Read on.

Our experience and research has demonstrated that the organisational context into which international teams are introduced plays a key role in determining their effectiveness. There are a number of preconditions for organisations wanting to develop a multicultural outlook and thereby be able to sustain effective international teams:

- valuing and widespread acceptance of cultural diversity;
- low levels of prejudice;
- positive mutual attitudes among cultural groups;
- sense of attachment to larger system.

Creating this context is not a quick fix. It is a long-term commitment. Organisations need to take a systemic view of operating globally rather than simply create international teams in a vacuum and assume everything else will remain unchanged.

Introducing international teams brings into sharp focus the way an organisation operates and this can act as a catalyst for a fundamental review of these practices. If these wider repercussions are not foreseen by senior management, there could be resistance. Many managers do not appreciate the impact that working internationally will have on their roles. The subsequent resistance to the changed way of working can mean international teams operate in sub-optimal organisational contexts, which in turn impacts their effectiveness.

The next three chapters are going to focus on this critical issue of creating an organisational context where international teams can thrive. Recent research with international teams in organisational settings, rather than academic laboratories, has shown that according to international team members, organisational factors have a significant impact on their ability to be effective.

This section of the book will explore the organisational factors that impact international team effectiveness most significantly. Chapter Eight will focus on the role that the senior management of an organisation can play in creating the appropriate organisational context. In particular it will explore how senior managers can assess the readiness of their company to undertake the organisational change associated with creating international teams. The key factors that will be explored are highlighted below:

### **Senior management**

#### *Align strategy in action with strategic intent*

- Different strategic foci.
- Clearly link purpose of your international teams to the corporate strategic intent.

#### *Create a supportive infrastructure*

- Organisational structure: barrier or enabler?
- Implement team friendly operational policies and practices: HR, Technology and Facilities.

#### *Role model best practice*

- Be actively involved with the international teams you create.
- Demonstrate that global working can be human.
- Actively seek to create diverse top teams.

#### *Assess organisational readiness*

- Pilot or 'big bang'?

Chapter Nine will then explore specifically the role that the Human Resources (HR) function has in supporting an organisational context where international teams are successful. The key elements of this role are highlighted below:

### **Human resources**

#### *Align HR with strategic Intent*

- HR as a strategic partner.
- Developing an HR strategy for supporting international teams: selection; development; performance evaluation and reward
- Taking an organisational effectiveness perspective.

#### *Act as role models*

- Creating an effective HR structure.
- Be a high performing international team.

#### *Facilitate change to a team based organisation*

- Case study.

Given the importance of the key HR practices in contributing to a supportive organisational culture, Chapter Ten will explore these in greater depth, providing you with examples of best practice from a range of companies. It will take the key aspects of an effective HR strategy (selection, development, performance evaluation and reward) and explore how these can be aligned to create an environment conducive to international teams.

## Chapter Eight

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# Creating the Right Organisational Context

This chapter explores the critical issue of creating the appropriate context for international teams to thrive and in particular discusses the role that senior managers have to play. It explores both their role as corporate leaders and as individuals leading international teams themselves. International teams are not created in a vacuum and often represent a microcosm of the wider organisation. If senior managers can create the appropriate environment for international teams to succeed, they will have gone a long way to creating a sustainable global capability within their organisation.

A special acknowledgement needs to be made at this point to Claudia Heimer, who provided us with access to her unpublished research on top teams in international organisations. We have incorporated some of her findings into this chapter and believe that the work she is doing in this field has important messages for senior management of multinational organisations.

*'Globalisation is a journey, a process and it's on-going.'*\*

Globalisation is a journey, that needs to be proactive and conscious. Tough choices face any board of executives in creating the best strategy to achieve a local/global response for their particular product in their chosen markets. Once these strategic choices have been made, the role of the organisational leadership is to align this global '*strategic intent*', with operational realities, the '*strategy in action*'.

To make this happen, somebody needs to decide what tasks need to be achieved to implement this strategic intent. They need to decide which structure will optimally deliver the required results, whether, for example, creating a team is the best way of achieving each one of these tasks, and if so, exactly what the team needs to do. Somebody also needs to decide how to integrate such a team into or across existing organisational structures, who will be involved and how to best support and train the team members. Somebody also needs to explain to the team leader and members how the purpose and goals of the team fit into the global strategic intent. Clearly this set of decisions

\* Don Davis CEO Rockwell Avionics, quoted in *Financial Times*, Friday October 10th 1997.

should involve many different players, layers and functions within the organisation.

In our experience, many leaders and their organisations do not manage this alignment well. When challenged on the desire to operate around the globe, senior managers can clearly articulate the benefits to their organisations of being global: increased local responsiveness, enhanced organisational learning, lower cost base, economies of scale and more efficient processes being just a few of the reasons cited. Yet further discussions about what this means for them in practice, often result in more questions than answers. This chapter seeks to explore some of these questions and to begin to provide some signposts for the global journey.

Senior management in a company that intends to use international teams as a major driving force in capturing and maintaining global markets need to:

- Align strategy in action with strategic intent.
  - different strategic foci;
  - clearly link the purpose of your international teams to the corporate strategic intent.
- Create a supportive infrastructure.
  - organisational structure: is it a barrier or enabler for teams?
  - implement team friendly operational policies and practices: HR, Technology and Facilities.
- Role model best practice.
  - be actively involved with the international teams you create;
  - demonstrate that global working can be human;
  - actively seek to create diverse top teams.
- Assess organisational readiness.
  - pilot or 'big bang'?

### **Align Strategy in Action with Strategic Intent**

#### **Different strategic foci**

Even a cursory glance at some of the big multinationals reveals that different companies are going global in different ways for different reasons. The reasons can be historical: being global is second nature to oil and mining and comparatively recent for most food and beverage companies. They can be cultural; companies have set up wholly owned subsidiaries within one culturally recognisable region but resorted increasingly to acquisition, joint ventures and franchises to lower the risks of operating in unknown cultural and economic contexts. Alternatively some organisational cultures lend themselves more readily to a centrifugal or centripetal global strategy. Several authors<sup>1</sup> have explored the impact of culture on organisational

strategy and structure, and the interested reader is encouraged to become familiar with the ideas in these texts. Finally, different products require different global responses. Aeroplanes and software can afford to be more or less uniform the world over. The fact that Coca Cola is so ubiquitous is a tribute to brilliant marketing as most food, beverages, consumer goods and appliances need to be adapted to local markets.

Some companies are at the stage where they are looking to create greater efficiency between their dispersed research and design, production or sales units. On the other hand, some food and beverage and household goods companies have strengthened their local market presence by maintaining a strong overall brand name but customising products to local tastes. Their emphasis is on being responsive to the local market. Other companies are looking to capitalise and transfer learning across the whole company worldwide and into new markets, such as Coca Cola struggling to set up a bottling plant with the 'recalcitrant' Eritreans.

These three strategic lenses, global efficiency, local responsiveness and organisational learning were first articulated by Christopher Bartlett and Sumantra Ghoshal<sup>2</sup>. They provide a useful framework when looking at the impact of different strategic intents on the structure and processes of international teams designed to implement these strategies.

In the survey of 37 transnational teams (TTS)<sup>3</sup>, organisational learning was the main strategic focus of most of the teams, followed by global efficiency. One can imagine that the strategic foci go through cycles depending on the type of product and stage of the company's global maturity. So, what are the implications of these three strategic foci for international teams?

#### *Global efficiency*

Global efficiency measures will include things like reduced duplication, cutting the number and cost of suppliers, creating products that are either aesthetically, practically or legally acceptable in many countries simultaneously and integrating regional distribution services and customer support.

The transnational team survey found that teams focusing on global efficiency were often purposefully understaffed to force the team to find synergy and act interdependently. This can put a significant workload on the team leader and team members, which needs to be acknowledged during the selection process. Where global efficiency is the goal, whole team training in project management, conflict and negotiation skills is often needed. The support systems and processes also need to be harmonised if not integrated. These can include pay and personnel, new technology investment and training, and tactful integration of previously different work processes.

When global efficiency is the goal, an organisation must pay attention to the equality issues highlighted in Chapter Three and ensure that they choose a solution that can be successfully implemented globally and not just push through the headquarters solution. Lack of sensitivity in the early stages can cost an organisation many of the potential gains in performance, as the following example illustrates.

In the process of creating more efficient European project teams out of 'parallel' national teams, a senior French management team steamrolled in a French model of expert technical project leadership over the prevailing British system of independent project management.

One rumoured comment from one of the French managers that caused a lot of anger was: 'Things will work when the British get the hang of it'. The result was that many highly experienced British project managers were disenfranchised in lieu of the newly appointed project leaders. Months of bad feeling resulted and talent was wasted by not considering the benefits and disadvantages of each system. The French senior managers assumed their way was best.

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***The key word for implementing global efficiency is 'thoughtful integration'.***

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#### *Local responsiveness*

Local responsiveness measures will cover the extent of customisation of goods, labelling or advertising for local markets and the resultant increase in sales or market share, the number of different foreign standards that were met with one cost effective product, fitting in (where possible) with local political, legal and economic frameworks and creating local distribution systems. Teams set up to increase local responsiveness often need to employ people that would have otherwise been marginalised in the company and who may have less international experience. For some corporate die-hards, this can feel like giving up power to those they have spent years telling what to do, as the following story illustrates.

A large consumer goods multinational was considering its entry into the Chinese laundry market. It was assembling an international project team with members from R&D, marketing and consumer science. The Chinese market was considered to be of critical strategic importance to the organisation and the international team leader found no difficulty in getting team members allocated. Indeed a number of senior managers were interested in being on the team themselves.

At one of the first meetings, the consumer science team member mentioned that there was a newly appointed Chinese laboratory technician in one of the R&D departments. They suggested that they should invite her to join the team to get a better understanding of the washing habits of the local Chinese consumers. The suggestion was quickly rebuffed by the senior marketing managers present – they had done their research, there was no need to involve 'inexperienced junior members of staff in such critical decisions'.

Fortunately for the organisation, other team members thought the suggestion was valid and encouraged their colleague to informally interview the laboratory technician. The resulting information highlighted some critical gaps in the market research conducted by the American based marketing team and prevented the team investing in a product with inappropriate sized packaging, that would not have sold in the Chinese market.

Habit, language skills, different cultural communication styles and prejudices will be working against making full use of local talent as highlighted in Chapter Three. If drawn from different regions, team members are likely to have very different levels and types of expertise, different standards of remuneration, different access to basic resources such as information, technology, electricity and good phone lines. All these will impact the speed at which they can reach an effective working process.

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***Teams focused on local responsiveness have to listen to less powerful and minority voices.***

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#### *Organisational learning*

Organisational learning was rated as the strategic goal with the highest priority in the transnational team survey. Organisational learning involves improvements such as spreading innovations throughout the company, transferring technology, bringing together knowledge from different parts of the company and integrating a variety of interests. While a few companies, such as Shell, have had international project teams for at least 50 years, for most, creating

international teams within their core businesses is a relatively new phenomenon and usually takes place in one or two key parts of the business first. These teams are often not only working on an innovative and more complex task than previous teams, but are also learning the processes that will enable them to work on these more complex issues across national, geographic and temporal distances.

If set up to enhance organisational learning, international teams should create a core team who bring in loosely associated temporary members to generate fresh perspectives and ideas. The boundaries of the team should be permeable to enable ideas to flow into the team and out into the wider organisation. Training and development has to be focused on creating new forms and processes of collaboration and cross-learning. Lateral thinking skills, integrating and constructive conflict resolution skills, project management and interpersonal skills become important in generating and leveraging new ideas. These are the skills that can make the most of the different perspectives created by cultural differences.

The key is not to focus on process, consensus and compromise at the expense of uncovering innovative ways of looking at and solving old problems. Interpersonal, influencing and negotiating skills become important when presenting the new ideas to the rest of the organisation.

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***Teams focusing on organisational learning often have a pioneering spirit, are highly motivated and need support to navigate the organisational barriers successfully.***

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#### **Linking the purpose of your international teams to the corporate strategic intent**

As described briefly above, the transnational teams survey (TTS) demonstrated that the jobs, staffing, training and rewards within teams will, and need to, differ depending on their main strategic purpose. Team research and experience has also clearly demonstrated that 'clarity of purpose and mission' is probably the major factor in the success of any team, and especially in more complex teams such as international teams. Yet a clear link between corporate global strategy and team purpose and contribution is often completely absent.

In the study (TTS) of 37 teams, only 3.5 per cent of the respondents were in complete agreement about the extent or not of their particular strategic contribution. The four teams with the greatest clarity were:

- one special task force who was in complete agreement that their aim was to cut costs and create global production efficiencies;
- a top team who were sure that they formulated strategy;
- a quality assurance team who were sure their contribution was to improve quality; and

- a special task force in a chemical company who agreed that they were implementing strategies for certain chemicals.

One could have hoped that the strategic contributions of the other 33 teams would be clear, but this clearly was not the case.

One might think that international teams just beginning might be more confused about where their contribution fitted than mature teams, or that many different nationalities might lead to different perspectives. However, the wide ranges in the answers of the transnational teams' survey did not depend on the type of teams, the stage of team development or the number of nationalities working in the team.

Further examples of poor understanding of purpose are illustrated below:

The top teams of two fairly autonomous international subsidiaries of a large Italian company disagreed as to whether they were responsible for formulating and implementing strategy. Unresolved, this lack of clarity could have significant consequences for the long-term future of the organisation.

One evolving UK/Italian joint venture feasibility study team comprised solely of engineers, were in almost total disagreement on all possible options. As the international HR manager concluded: 'We are simply not really agreeing what we are doing together'. Not a good omen for ongoing negotiations.

In a managing global network workshop in a global pharmaceutical company, when international team leaders were asked for the advantages of working in an international team, only 3 per cent of responses mentioned the contribution to corporate strategy. Over 50 per cent of the responses concerned important drug development, improving networking and educational and personal learning. While these advantages were valuable and probably what the board desired, the connection to overall corporate strategy had been left implicit.

Motivation and commitment suffer first when this connection to the rest of the organisation is left fuzzy. Team sponsors together with those formulating strategy have to break that pattern of thinking that says 'once we have had the idea, it is up to everyone else to figure out how to do it'. They have to follow the logic of why the team is being created and what it is expected to do all the way through to the team members themselves.

Teams are not necessarily created with one strategic purpose in mind. Some international teams have sometimes been intentionally created to create a flow

from one goal to another. For example, a product development team might be asked to firstly establish the centralised controls and economies of scale that will achieve global efficiency in the design and planning phase. It may then pass on and delegate to local teams to create local responsiveness in the implementation phase as illustrated in the following Kodak example.

Accomplishing multiple strategic goals over the life cycle of a team –  
Kodak photo CD launch

Five regional multicultural teams were created to develop the overall strategy and plan the launch. The European launch team was originally comprised of representatives from 14 countries. The team members were purposefully chosen so that all the functions, which would be involved throughout the product life cycle, were represented within the team. In the launch plan phase each team member had to wear two hats, to represent a pan-European assignment as well as representing their country. This main team was then dissolved to a small core as the task of the implementation was sold and passed onto the country managers within Kodak who in turn appointed people with full-time responsibility for photo-CD in their country.

However, before organisations and teams can integrate a range of strategic goals into their work, they must get the basics right.

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Team champions, sponsors and leaders *must* identify the key purpose of the team in relation to these three strategic lenses and *communicate it to team members*.

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If the teams themselves do not understand how their work fits into the overall scheme of things, they can become unnecessarily de-motivated as they feel side-lined or irrelevant. Their effectiveness will be influenced by their power base, which in turn depends on their legitimacy within the organisation. If no-one has communicated the link between the purpose of the team and the corporate strategic intent to the wider organisation, the team will struggle to get organisational support and resources for their activities.

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The more explicit senior management can be about where a team fits into the internationalisation effort, the more legitimacy these teams will have.

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International teams can play an additional role in implementing strategic choices in an organisation. Current research emphasises that strategy is a dynamic process. This requires organisations to be alert to the environment they are operating in, constantly scanning for relevant cues. They must assimilate these cues from multiple perspectives to ensure they fully compre-

hend the possibilities open to them and they must be responsive to emergent issues that offer new potential. At the individual level, research has shown that culture influences how individuals scan and interpret information and make strategic choices<sup>4</sup>. Organisations must appreciate that they need different perspectives on different markets.

For international organisations to succeed in the long term, they must embed this strategic capability throughout the organisation. Senior management cannot achieve this alone, and international teams can be an essential vehicle for creating this strategic capability. However, many organisations have some way to go before this becomes a reality.

### **Summary Learning Points**

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- *It is useful for international teams to think through where their main focus fits across three established dimensions: global efficiency, local responsiveness and organisational learning.*
  - *Senior managers and team sponsors need to link the purpose of each international team to the overall corporate strategic intent and communicate it clearly to the team.*
  - *Senior managers must recognise the value of international teams as vehicles for formulating and implementing successful global strategies and be prepared to legitimise their role in the organisation.*
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### **Creating a Supportive Infrastructure**

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Having clearly articulated the organisation's strategic intent to the international team members and highlighted how their activities contribute to that strategy, the next place to focus attention is the organisational infrastructure. Is it set up so it facilitates effective teamworking or are your international teams expending valuable energy and brain power trying to win the organisational obstacle race? Research has illustrated that there are two key aspects of the infrastructure that organisations need to be concerned about:

- organisational structure;
- operational policies and practices.

#### **Organisational structure: barrier or enabler?**

*'The teams are still hampered by the 'twin peak' syndrome – you'd think the US was on another planet sometimes, not just a plane journey away – it's early days – those attitudes are not going to shift overnight.'*

Creating international teams can have some very positive effects on breaking down national barriers and freeing up the internal workforce, as the following quote from an international team leader illustrates.

*'I see one of the best things to come out of all this is that you are much more likely to get the right person for the job, irrespective of where they are located – it has cut right across some of the US/UK turf battles, which can only be good for the company.'*

However, as companies operating globally try and reflect the complex new relationships between business streams, products and geography, they often create organisations that have their own inherent dilemmas.

*'I have got too many bosses – and they can't agree.'*

Some form of organisational matrix is the typical structural arrangement of many international organisations. The authority and power in these structures can be very diffuse and the dominant powerbase (eg line managers, functional heads, country managers, team leaders) often reflects the organisational culture. This institutionalisation of interdependencies affects international teams in many ways.

You are part of the marketing function in the German subsidiary of a multinational computer company. You are part of an international team on the development of the European Internet strategy with colleagues from France, the UK and Scandinavia. Who do you ultimately report to: the team leader, your local manager in the European head office marketing function, or the marketing boss to spend your time, who are all likely to insist on more?

There is no one single right way to design an organisation so that international teams can thrive as the appropriate organisational design is closely aligned to the specific corporate strategy and culture. Even in a single organisation, staff will have different views about how effective the existing arrangements are for them, as these quotes from two team members show:

*'It should be a strong line to the international team leader and dotted to the management line – not the way it is now – we can't get things done.'*

*'I am so pleased I still have our line manager, the team leader doesn't have a clue about the type of expertise you need to do our job.'*

Despite there being no single 'right' answer, you should avoid creating ambiguous reporting lines and divided loyalties if you want your international teams to work effectively.

### **Ambiguous reporting lines**

If a matrix organisation structure is implemented, it needs to be clearly articulated where the decision making authority resides: with the team leader or the line manager? The following example illustrates how damaging it can be if this is not clear.

The international team leader said no to funding a low priority aspect of a team member's work. The team member disagreed with this decision and got clearance from his departmental head for the expenditure, who was unaware that the project leader had already refused. The team member travelled before the project leader found out. Paradoxically, the organisation had recently been restructured to give the departmental heads more power in order to reduce confusion. There was little the project leader could do, except feel undermined. Ironically, it was the project leader who had to justify the team's expenditure to senior management.

The type of decisions that can get muddled if there are ambiguous reporting lines often depend on whether the team has full- or part-time membership. If the team member is full time for a fixed term, the conflict is usually about who is responsible for the team member's development, training and discipline. If the team member is part time, the conflict usually focuses on availability, quality of work and priorities. Either set of issues can detract from the team's performance and ultimately its ability to deliver its objectives.

### **Divided loyalties**

Even if an international team is clear where it fits in the organisation and who it reports to, it can still suffer from conflicting demands and divided loyalties. This is particularly a problem if the overall strategic direction is not clear to everyone or when different parts of the organisation have not worked closely together and do not understand each other's needs. Sometimes a line manager is under pressure to deliver a set of objectives that contradict the needs of an international team as the following example shows.

An American vice-president with staff on an international team insisted that the American staff lost no local 'man-hours' by being involved in the team. Being part of the team was voluntary overtime. The UK team members had the full support of their line manager and their local work loads had been adjusted to take account of their involvement in the international team. Needless to say the team soon ran into difficulties in meeting milestones and milestones and the American team members were seen by other team members to be holding up progress.

Difficulties can arise if a team is critical of parts of the organisation that it perceives are not supporting their work. A team member may feel obliged to 'defend' their part of the business, which then makes it difficult for them to support the team fully. Similar difficulties can arise if the decisions taken by a team impact the livelihoods of some of the local colleagues of team members. This was the case in a European team in a brewing company when an Italian finance manager was purposefully chosen to be a team member so that he could break the bad news that the main factory closures would be happening in Italy.

Another problem that is becoming increasingly common, particularly for part-time team members in overly downsized organisations, is participation on multiple international teams. Loyalties can be spread so thin that the individual does not feel 'at home' anywhere in the organisation. This leads to increased turnover of staff on the international teams and a higher incidence of staff not requesting to join these teams. Some companies and international institutes have tried to overcome this by issuing guidelines on the number of significant projects one person can sensibly be involved in. In our experience it is usually two or three.

### **Implement team friendly operational policies and practices**

International teams operate as microcosms of the wider organisation, so any inconsistencies in policies or procedures in different parts of the organisation will be thrown into sharp relief as soon as the teams start to operate. These inconsistencies or disparities can be inconsequential or have a significant impact on the performance of your international teams. One product development team we worked within a large multinational had to overcome the difficulties of working with their budget being controlled by three separate organisations, only half the team being paid bonuses for completion of critical milestones and different performance management systems being used to evaluate team members.

So, having made the decision to create international teams you need to review your practices in the following areas to ensure they are not going to negatively impact the teams' performance.

### **Human resources**

Alignment of the HR strategy and practices is one of the critical factors for organisations who have successfully created and sustained international teams. The next chapter outlines in detail the role of the HR function in creating the right environment for international teams. However, the human resources staff will need support as they attempt to become international teams themselves and at the same time devise successful strategies to support the working of other teams. The level of detail required can be awesome, even down to the language that is used.

The senior management of the organisation should be partnering with HR to ensure it understands the strategic priorities and ensuring it has the leverage and resources to give the international teams the support they require as outlined in Chapter Nine.

### **Technology**

Whilst the advances in computing technology have been one of the driving forces behind the creation of international teams, many organisations still fail to provide their teams with the basic compatible technologies to complete their work efficiently. Stories of incompatible versions of word processing software, databases that won't talk to each other, presentations that won't open on the screens of half the team members still abound in even the most sophisticated multinational. Even simple issues like log on passwords for computers on different locations and computer screens that are mutually comprehensible often get overlooked until the first international team is created and tries to start to work together.

Provision of appropriate technology is not confined to computing. Adequate provision of phones that have conference facilities is another simple but often overlooked requirement for international team members. Similarly, availability of appropriate video conferencing facilities – either individual or group – can significantly enhance the effectiveness of international teams. If the team has members across several time zones then phones and faxes installed at team members' homes at the company expense can make working unusual hours more bearable. There is nothing worse than sitting in an empty office, after the cleaning staff have gone home, waiting for the phone conference call that you have to participate in.

Although the initial expense of establishing these facilities may be a deterrent in the short term, in the medium and long term, the savings on travel costs and the increase in effectiveness of the organisation's international teams makes it a sound investment for organisations who are serious about globalisation. Chapter Six covered in more detail the technology issues that international teams should pay attention to, but again the role of senior management is to recognise the importance of the technological infrastructure on the effectiveness of their international teams. You cannot expect your teams to be up and running if you do not provide them with the basic tools to do their job.

### **Facilities**

The final aspect of operational practices to mention may seem trivial, but our experience is that it is the little irritations that make a difficult role unbearable. For example, someone needs to assist peripatetic managers with security passes for all the locations where they have team members and somewhere to work when they arrive in distant offices. Arriving at a team member's site and being

told that your local security badge is not valid and you will need to be escorted at all times whilst on the premises, does not engender a feeling of belonging to one organisation. Yet it is a common experience for many international team members.

Simple things like sufficient travel budgets for team members can be a major stumbling block. This is particularly the case when international travel in the past has been confined to an elite senior group of managers. This may require a fundamental culture shift that recognises that international travel is a business necessity and not a management perk. An organisation needs to understand when members of a team need to get together face to face and to provide them with the resources to do so. This is rarely a function of hierarchy and often junior members of staff who are going to be working on an international team will need to spend time together in the same place. Travel budgets should be assigned on the basis of need not status, if your international teams are to have any chance of functioning effectively.

Again you need to explore any inconsistencies that exist across functions or locations in terms of these practices. Members of one team arrived at an international airport to fly to a team meeting in the Far East to find some of them had economy tickets, whilst others were travelling business class. This did not get the team off to a good start and led some team members to feel they were being treated like second class citizens, just because they were based in a particular location.

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#### **Senior management needs to:**

- **Clarify roles and responsibilities with the matrix between line and national managers and international team leaders.**
  - **Involve human resources and technology experts from the start.**
  - **Invest in the necessary infrastructure.**
  - **Allocate travel budgets according to need not hierarchy.**
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#### **Role Model Best Practice**

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Having explored some of the activities that senior managers need to focus on, we now turn our attention to the senior managers themselves. What should they be doing personally to create the right environment for international teams to thrive? Our experience within organisations attempting to 'go global' indicates that the advantages and benefits of globalisation are often organisational and strategic in nature. For instance they include the ability to respond to local differences in product specifications in a cost effective manner or the ability to transfer leading edge technology to production problems irrespective of location of factory. On the other hand, the disadvantages are usually felt by

the individuals and teams who are expected to deliver these strategic benefits to the organisation. Such disadvantages include long hours spent at airports or on planes, less time spent with family and friends, phone and fax calls in the middle of the night trying to resolve conflict with a team member who is several time zones away.

Too often the managers at the top of the organisation have themselves never been members of an international team and they have no personal experience to draw on. The danger of this is they can fail to appreciate the demands involved in participating in an international team. Given this situation, senior managers need to seek out, learn about, introduce and role model best practice across the organisation.

Role modelling requires

- actively seeking to create diverse top teams;
- actively being involved with the international teams you create;
- demonstrating that global working can be human.

### **Actively seek to create diverse top teams**

*'Japan is the major market for my drug, but I cannot get anyone from there on my team – some of the line managers seem to assume that if it works for the UK and US that is enough – I think that is a mistake.'*

Your organisation is expanding globally and is considering establishing a number of international teams. If you have little personal experience of working in international teams, what do you do? You may choose to actively seek out colleagues who are different from you. You may ask yourself, 'who can I work with who can challenge the way I see the world?' This might require you to look outside your current networks for the answer or the support may be closer to home.

Look around the boardroom of your company, what do you see?

- Friends and colleagues you have known in and around the industry for years, all about the same age and from broadly the same social class?
- Mainly colleagues like yourself with functional responsibility for key parts of the business, with a couple of non-execs from prestigious institutions in countries you are trying to develop as potential markets?
- A truly diverse group of individuals reflecting the spectrum of cultures you now do business in or aspire to do business in?

Whatever your response, does it provide you with the support and challenge you need to be a successful international leader? More importantly, does it matter?

In recent years, international management theorists have debated the issue of 'requisite variety'<sup>5</sup>, the notion that the internal composition of an organisation should reflect the complexity of its marketplace and that international organisations should have considerable cultural diversity in their management cadre. Yet experience with senior teams of successful multinationals demonstrates a rather more mixed picture.

As one CEO reflected after digging his company out of a deep crisis, 'I could not be philosophical and appoint other nationalities and women (onto the executive team), I needed people whom I could trust to say 'yes' [ie people like me]. He did not believe that a diverse management team was important to the success of the company. Similarly, many teams we work with are monocultural, often also exclusively male and have been educated through the American or European education system. Why is this?

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Tradition, history and maybe a lack of courage continue to be the main forces that have created many national and international top teams<sup>6</sup>.

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Selected case studies\* have also found that lack of trust in people of other cultures and the absence of strong personal networks for the CEO to produce suitable high calibre international candidates were among the main reasons. Research also suggests that monocultural top teams create less of the cross-border networking of ideas, people and resources, typical of genuinely international organisations<sup>7</sup>. Companies with one nationality top teams also struggled with the phenomenon of the 'glass-ceiling' and with murmurs of national mafias. Successful and ambitious managers do not stay when they feel that they have no chance of reaching the top of the company on the grounds of their nationality.

Even in organisations that have been highlighted in the press as being very effective global players this issue of diversity at the top of the organisation can be a problem. One ex-manager of ABB illustrates how his perception of this issue affected his career choices. Of American-origin, he reached a high level within ABB until he realised that the higher he moved, the more he perceived the decisions were made by Swedish people:

*'They would allow us to debate the issues at local level, and get the value from the local and the global perspective to get the best of both, but then the decision would get taken without us, somewhere in the Swedish corridors.'*

Thus, despite some international mixing at the top of ABB and the strong public commitment of the company to globalisation, for this American the message that 'we value your input' was not enough. He left the company

\* Conducted for Ashridge International Centre for Management and Organisational Development.

because he wanted to get to the top of the company he works for and make decisions.

Multicultural and dispersed top teams do seem to display a greater curiosity for the way different cultures approach problems. Such teams tend to create international teams and networks below them to exchange best practice, to coordinate production on an international scale and to provide effective global customer service. Some organisations have therefore tried to break the mould and successfully create diversity at the top of the company, as the following example cited in Chapter Six demonstrates.

**MacGregor has created an international geographically dispersed top team, and rotates the venue of the monthly board meeting. The key factor with MacGregor is that four of the now six members of the executive team have known and trusted each other for many years. The newer (and younger) finance director was placed on the same site as the CEO in a tiny Finnish fishing village to enable him to experience the culture at first hand. The CEO was passionate about flying only the company flag rather than national flags. Everyone hired has to speak English, and he has fired anyone who wanted to favour one particular turf. After dispersing, the top team spent two rigorous years building up the trust, discipline, team spirit and mythical communication patterns to work from different northern European cities. They have flown, phoned and e-mailed the talk so to speak.**

While an international mindset is arguably much more important than a mixing of passports, it is often only through getting managers from different cultural backgrounds working together, that the international mindset is created. It must be acknowledged that daily international interaction at senior levels is not always easy to create. People are not as ready to move locations as their counterparts were in the early stages of globalisation.

It is hard to motivate people to live in certain regions of the world that are perceived as unattractive. What constitutes 'attractive' is not always obvious either, for example CEOs of Swedish and Finnish companies often report their difficulties to motivate people to live in Helsinki or Stockholm, due to the high cost of living. Many have moved their headquarters to mainland Europe, especially Belgium and Switzerland to overcome this. As a result, Sweden probably produces one of the highest ratios of able international managers (to national managers) in the world.

Whatever the strengths and weaknesses of the organisation he has created, one message that Percy Barnevik drummed consistently was that if you want successful international teams, then the organisation has to make them happen by consistently challenging managers to select people outside their immediate linguistic and cultural comfort zones. If the CEO or the top team is not

continuously beating and role modelling the multicultural drum, it is harder for it to happen throughout the company. Clusters will form, turfs will be protected and inequalities will persist and international teams will find they are expending much of their energies managing these inequalities rather than focusing on the task they need to achieve. As with so many organisational changes, a clear message needs to come from the top.

### **Summary Learning Points**

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- *While being internationally minded is probably more important than mixing passports, monocultural top teams tend to create a set of values and networks that make it hard for other nationalities to reach the top.*
  - *Dispersed top teams can be a creative solution to creating a diverse top team that also models accommodating the different needs of the individuals on the top team.*
  - *Role modelling effective international team working is a primary mechanism for embedding and reinforcing the attitudes within the organisation.*
  - *Visibly acting as mentors and coaches to all international teams provides legitimacy to their task.*
  - *Collecting the most air miles will not make a company globally successful.*
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### **Be Actively Involved with the International Teams You Create**

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Senior managers have a critical role to play as sponsors and mentors of international teams within an organisation. Our experience of organisations where senior managers take these responsibilities seriously, indicates that the international teams they establish are more likely to operate effectively and be able to deliver on time and within budget.

Senior managers need to pro-actively put themselves forward as sponsors of new teams as they are established. They should not wait until things go wrong, but should be there from the beginning to ensure things go right. They can assist these teams in navigating through the organisational quagmire of budgetary controls and sign-offs. They can facilitate decision making by helping the team to accurately identify and influence key stakeholders and provide the team with an effective overview of the competing priorities for resource across the organisation, thereby assisting in conflict resolution. As

mentors, they can coach newly appointed international leaders and team members. They can create forums to exchange common difficulties and share solutions and identify team development needs and help staff plan the appropriate activities. They can also provide an objective sounding board to talk through proposals before they are submitted to a wider audience.

Visibility is critical. Senior managers need to be seen supporting the international teams they have created. As mentioned previously, they need to give the teams legitimacy in the wider organisation, especially in the early phases of a team's life cycle. This does not mean that they have to be lenient on international teams in terms of their performance, it is about support and challenge. Some of the best international teams we have worked with have been set seemingly impossible targets by their organisations. The difference between those that succeeded and those that failed to achieve their 'stretch' goals was the ongoing active support of their senior sponsors. Even if they were absent for most of the time, they responded positively to requests for guidance and gave clear responses, even if the answer was no.

### **Demonstrate that Global Working Can be Human**

Role modelling by senior managers is critical in setting the style of global working within an organisation. Staff often see senior managers permanently on planes, getting off the 'red eye', coming straight to the office and working through a full day, as well as using the weekends to travel to ensure that they are in an overseas office for a full working week.

It is not surprising that these organisations quickly have an escalating travel bill and an increasingly exhausted workforce. The following quote from one team member typifies the usual pattern in organisations:

*'Unfortunately our team leader was too busy travelling to have much impact on our performance.'*

As in all walks of life, we have encountered some anti-social international companies and global institutions in which senior managers seem to have lost touch with humanitarian rationale. Their power isolates them. Corporate nicknames like 'the Prince of darkness' are not uncommon. These organisations may never change, but yours does not need to join the list. If you want international teams to become your capability to work globally, you will need to think about whether the demands made by the senior managers in your organisation are sustainable in the long term.

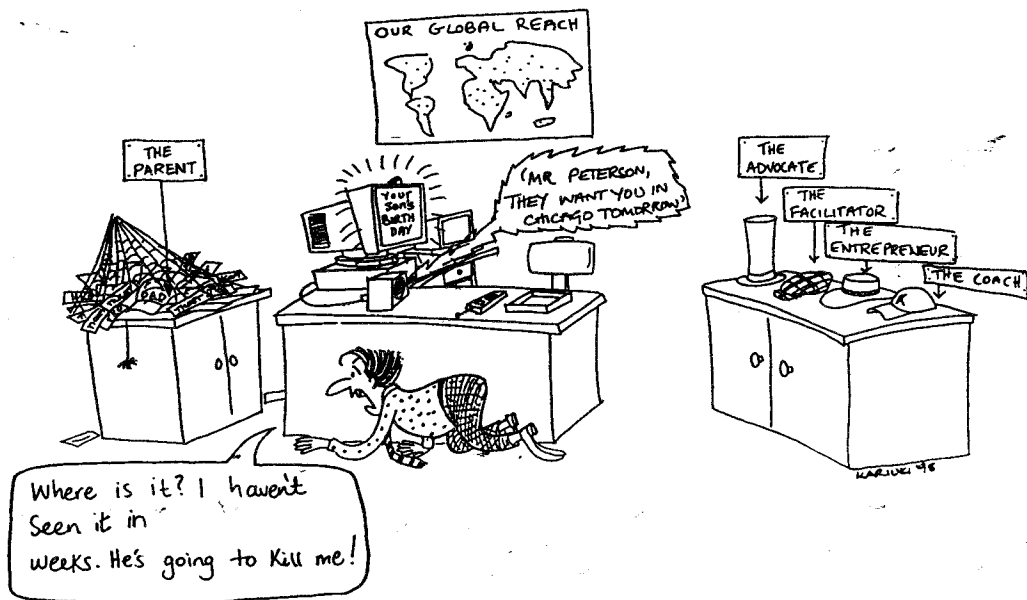
Part of the difficulty we see in many international organisations is due to the difference in lifestyle between many senior managers and a typical international team member. Firstly, the majority of senior managers we encounter are over 45, male and have followed their chosen career for a number of years. Their model of international work is often the colonial expatriate cadre who have

chosen to spend their career moving every two to three years to far flung parts of the world. The senior managers, we encounter, who are younger than this or are female, have often made a conscious decision to put their career before their family and many are single, divorced or have partners in equally responsible roles and a good live in nanny. International team members, on the other hand, can be all ages and have very diverse family and personal circumstances. They have probably not chosen to dedicate their career to one organisation and may not be prepared to sacrifice their personal life for work to such an extent.

There is increasing evidence that a macho style of globalisation (where executives compete to see who can notch up the most frequent flyer miles) is marginalising whole sections of the global workforce.

The most obvious group who are impacted are parents for whom long stretches away from home means missing large chunks of their children's growing up. As one international team leader commented, 'it's a great job if you don't want a life'. This expectation of being able to jump on a plane at a moment's notice tends to discriminate against female managers who typically still have most responsibility for child care.

However, parents are not the only ones that suffer. This style of global management is a barrier to creating a culturally diverse management cadre and may create a 'glass ceiling' within the organisation. Whilst many American managers and increasingly European managers, seem to resignedly accept this



**Figure 8.1:** The many hats of an international team leader – 'the hat that got lost ...'

style of global working, many cultures around the world place far more emphasis on community and family values. It would not only be personally unacceptable but also socially unacceptable to be seen to 'neglect' your community and family responsibilities in this way.

Yet even for American managers who seem to have found ways to successfully balance an international role and family life, the impact of this 'macho' style can be even more subtle as the following vignette illustrates:

A senior manager was appointed to a newly created international role which required him to spend half his time overseas. Fortunately his children were grown up and his wife was about to take early retirement. He came to an agreement with his organisation that instead of flying business class, he would fly economy and his wife would accompany him. This cost the company no extra money and it met the needs of the couple. In addition, there were intangible benefits for the company of the wife accompanying the executive, as they were often doing business in countries where family values are held in high esteem and the wife was able to act as an ambassador for the company with clients. This arrangement worked very successfully for all concerned for two years.

However, when the manager's company was subject to a take-over and the manager had to apply for a new role, again an international one, he was unsuccessful. One of the reasons given was that he needed to take his wife with him, he probably was not up to the job.

Two years later the senior management team who took this decision were willing to admit privately that they had made a mistake, but only after the 'successful' candidate had lost them significant business due to his cultural insensitivity.

Our experience of this style of global leadership is that it is simply not sustainable in the long run, neither from a financial, nor a human cost perspective. Senior managers need to demonstrate a more 'humane' way of being an effective global leader. They need to recognise that because someone is not prepared to make the same sacrifices as they have, this does not mean that they will not make an effective international team player.

They can follow the advice in Chapter Six and learn to use technology to support a rhythm of global working by, for example, conducting effective meetings using phone or video-conferences, rather than clocking up their air miles. They can also explore ways of conducting international business that meets both the needs of the company and the individuals, as the following example illustrates.

One organisation introduced guidelines that all international team meetings had to be scheduled on Tuesday, Wednesday and/or Thursday, to enable all participants to travel during the 'core' business week. Scheduling international meetings during public holidays of any of the team members was also discouraged. This had the added bonus of encouraging team members to learn more about their team members' customs so they knew what public holidays to avoid.

In practice, many managers chose to do additional personal local business when they were at a location for a team meeting and maximise their travelling time. However, this was their decision and if they needed to be back home for the weekend, international team business did not prevent that.

Senior managers also need to trust and empower their colleagues and staff to work effectively without direct leadership. This can be one of the hardest changes to make, particularly as in some organisations there will be active resistance from staff, who like the status and security of having their boss located at their site. We have experienced this in a number of American organisations, where country or regional managers were replaced with managers with global responsibility. Staff complain that they feel 'leaderless' and without someone 'looking out for them'. Helping staff to see that maximising performance at one site, or with one product or service, may not be in the best interests of the wider company is critical. Involving them in international teams can be a valuable part of their education in this regard.

Having encouraged staff to widen their horizons and participate in international teams, senior managers need to consider how they are going to expand their personal experience of working internationally.

### **Assessing Organisational Readiness**

Probably the most critical role for senior managers in creating the appropriate organisational context for international teams to thrive is to assess the extent to which the organisation is ready to create and sustain these teams in the first place. This chapter has provided some signposts to some of the critical factors that senior managers need to pay attention to and the following chapter provides yet more detail on the vital contribution of Human Resources.

Senior management teams need to take a critical look at their organisations and ask themselves honestly, are we ready for this? They need to get beyond the long-term vision and consider the detail of how they are going to use international teams to deliver this aspiration. This does not mean they need to do the implementation themselves, but they do need to consider realistically the barriers to implementation. Otherwise the international teams that get created will struggle to survive let alone thrive. Senior management's assessment of the

organisation's readiness will often determine the way in which international teams are introduced into an organisation, as discussed below.

### Pilot or 'big bang'?

There is much to be said for wooing the organisation with innovative pilots. This is where an organisation selects a particular strategic or operational issue and decides to create an international team to tackle it. The international teams are initially the exception rather than the rule and much of the rest of the organisation continues to be organised locally. Companies who have adopted this approach include Electrolux.

Electrolux started a process of rationalising and streamlining the throughput processes from production to sales across its diverse organisation. The different 'hot', 'cold', 'wet' products had different needs and annual cycles. Fewer people buy refrigerators in winter and washing machines require customising to different country preferences. A pilot team was set up in Stockholm, where the team members acted as catalysts for different parts of the processes in different sites. As managers began to see the payoffs, uncertainties and more resources became involved, the pilot team grew and faced the issues of coordination and control. The team then conducted a 'storm' through one of the most complex parts of the process in place to see how the variables might be controlled. The process further and different sites took input from each other, and finally the critical mass to get the whole company on board. The pilot team provided the impetus to analyse the difficulties and to transform.

Most pilot-led innovations seem to relate to organisational processes, rather than to structures and the technology to support those processes. The advantage here is that the international team designed to pilot the change processes and those they interact with see themselves as champions of change, often well supported in resources by top management and so motivation is often very high. They also know that the best people for the job have been called in from all over the company.

An alternative approach is the 'big bang'. This is where the senior management of an organisation decides that international teams are going to become the foundation of how they are going to conduct business globally. They typically create international teams at all levels of the organisation and these often replace existing organisation designs and local teams. The decision to implement international teams in such a comprehensive way may be the result of internal strategic choices and an assessment of organisational readiness or it

might be made in response to a radical shift in the business environment in which the organisation is competing.

An example of an organisation who chose the 'big bang' route, both in response to internal strategic decisions and as a result of significant shifts in the global pharmaceutical industry was Wellcome.

The R&D function of Wellcome had been organised regionally, Europe and America were the two primary markets. The appointment of a single international R&D Director was the catalyst for a fundamental review of the way R&D was run. It was decided that international R&D International Project Teams (IPTs) and International Medical Development Teams (IMDTs) would replace the existing parallel UK/American teams. The decision was taken and implementation followed very rapidly within a few weeks.

The organisation had not operated in this way before. Some people lost their jobs, others felt solutions were imposed and everyone, the team members, leaders, managers, sponsors and facilitators were learning at once and some of it was messy. There was a lot of learning on the job and experimenting. It took about a year to really feel that it was working effectively across the organisation. Reaching agreement on some of the basic teaming processes and working processes was an evolving process that took a year.

Yet, despite these potentially limiting factors there was a strong undercurrent of excitement in the organisation, it achieved so much more than before. The sense of being at the forefront of experimenting with a new way of working was immensely challenging and rewarding for many involved. It also enabled the organisation to achieve some strategic breakthroughs in product development that simply would not have been possible under the previous regional fiefdoms. Thankfully a thoughtful HR Director realised that the teams would need significant support and as described in Chapter Nine mobilised the Human Resource department.

Clearly there are advantages and disadvantages to both approaches as Table 8.1 illustrates.

This chapter has sought to highlight the key issues that senior managers need to consider before they decide to create international teams in their organisations. The most important message is that senior management have to remember that:

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Globalisation cannot be treated as the latest management fad.

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**Table 8.1:** Advantages and Disadvantages of pilots and big bangs

	<b>Advantages</b>	<b>Disadvantages</b>
<b>Pilots</b>	<p>One small team does much of the learning and experimenting, avoiding large scale costly mistakes.</p> <p>People are motivated by volunteering to change.</p>	<p>Can take time to build up enough critical mass to make a large financial difference.</p> <p>Not everyone may volunteer and then it needs to be mandated.</p>
<b>Big Bangs</b>	<p>Large structural changes can be effected simultaneously.</p> <p>If adequately supported can lead to large incremental financial benefits in a short time.</p>	<p>Large scale and messy learning and experimenting to sort out all the downstream problems.</p> <p>Needs huge amount of support and facilitation.</p> <p>Change seems to have been imposed and is therefore often resisted.</p>

The cost to the organisation both in financial and human terms is too high. If an organisation is going to have a global strategy and operate international teams effectively, then they have to be in it for the long run – this is a marathon not a sprint. Too many organisations are currently operating globally in a manner that is not sustainable, and there is strong evidence that staff are increasingly unwilling to tolerate this way of working. There is another way, senior managers just need the vision and the courage to look to the long term.

### **Summary of Key Learning Points**

- ***Involve key players from the start.***
- ***Support the organisation's strategic intent with the actions and means to carry it out.***
- ***Understand the impact of different strategies on the structure and processes of international teams designed to implement these strategies.***
- ***Communicate to each international team how its purpose fits into the company's overall strategy.***
- ***Undo out-dated or unintentional structural hurdles.***
- ***Choose a workable speed and approach to creating and developing international teams.***
- ***Expect to invest significantly initially.***

(cont.)

- ***Learn by role-modelling as a top team and demonstrate how to go global and stay sane.***
  - ***Act as sponsors and mentors to teams and team leaders.***
  - ***Allocate sufficient travel budget to appropriate staff, not according to the hierarchy.***
  - ***Provide adequate communication technology: phones, faxes, mobiles, video conferences.***
  - ***Realise you are in for a marathon with steep learning curves, not a sprint.***
-