

GLOBAL LEADERSHIP DEVELOPMENT EXECUTIVE SUMMARY



IT'S TIME LEADERSHIP CAUGHT UP WITH GLOBAL GROWTH STRATEGIES

Due to corporate growth pressures, companies are implementing globalization strategies at an unprecedented scale and intensity — with no end in sight. Yet few organizations are well prepared for the talent demands that are required to successfully lead the business objectives that lie behind these strategies.

In this new body of research, we have found that companies often lack frameworks for identifying global leadership talent, have inadequate talent management practices, and have hit-or-miss approaches to development. Our goal is to address these critical gaps by drawing from an extensive body of research, in-depth company interviews, and our own first-hand experience.

In the report, we lay out a global leadership capability framework and then discuss how it could be used. We also examine the types of experiences that are most helpful to developing global leaders and describe the common organizational barriers to development.

Mercer is pleased to have collaborated with Dr. Jay Conger to gain these critical insights into the development of global leaders and to share the practical steps that you can take to ensure that your company's global leaders keep pace with the rapid progress of today's global business.

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NEW INSIGHTS ON GLOBAL LEADERSHIP DEVELOPMENT

While corporate global expansion strategies have been executed in a calculated manner, a haphazard approach to global leadership development has left many multinational organizations with critical gaps in their talent pool of global leaders.

To enable organizations to strengthen their global leadership bench through the development of more systematic and rigorous talent management practices, we must first highlight the fact that global leaders are a unique breed compared to other line leaders. Consequently, it is important to call out the distinctive capabilities that global leaders require.

In this report, we identify three separate but complementary clusters of capabilities required for global leadership roles. (See chart below, **Global Leadership Capabilities**). These include a set of baseline qualities necessary for anyone operating in the challenging terrain of foreign cultures — a catalytic learning capability, a sense of adventure, an entrepreneurial spirit, as well as a sensitivity and responsiveness to cultural differences.

The second set of capabilities emphasizes certain specific skills and knowledge demanded for global roles. Specifically, these include the skills required to lead multicultural teams and to network successfully in new cultural environments. Cultural literacy and knowledge specific to your organization’s culture, strategy, and best practices are prerequisites.

The third set reflects the mindsets associated with effective global leaders. These cognitive capabilities include the ability to be comfortable with cultural complexity and its contradictions, the capacity to perceive opportunities in the uncertainty associated with global markets, the ability to think systemically, and an extended time perspective.

The demand for specific global capabilities varies by organizational level. Using a “leadership pipeline” framework, we highlight the relationship between a pipeline stage and the capabilities required by a particular level. We also identify which capabilities can be assessed and developed at each stage.

Global Leadership Capabilities		
Global Baseline	Global Skills and Knowledge	Global Mindset
Catalytic learning capacity	Ability to lead multicultural teams	Comfort with cultural complexity and its contradictions
Sense of adventure	Sophisticated networking competence	Opportunity sensing for the uncertainty of global markets
Entrepreneurial spirit	Cultural literacy	Systems thinking in global contexts
Sensitivity and responsiveness to cultural differences	Context-specific leadership capabilities	Extended time perspective

GETTING STARTED

So how does your organization get started in a serious effort to build its global leadership bench? The first step is to establish a global leadership capability framework. This simple act recognizes the importance of this talent pool and initiates steps toward a customized talent management approach. Once this is in place, it is equally simple to complete the next step and institute mandatory cross-cultural training before international assignments.

Following these steps, there are a number of supporting initiatives that are relatively straightforward to implement. Using seasoned in-country managers to serve as mentors to incoming leaders is one. Another is to establish career and development plans with an international emphasis so that managers can plan a career to become global leaders. A foundational action is the establishment of high-potential global leadership talent pools. With these pools in place, your organization can rigorously track assignments, on-the-job performance, and developmental undertakings. When it comes to the latter, it is critical to deploy the full complement of activities that prepare managers to be effective global leaders, from global team projects to short-term and multiyear overseas assignments.

Our research shows that well-chosen job assignments are the most effective vehicle for developing global leadership talent. Ideally, your organization would identify and reserve a pool of international jobs that form “stepping stone” assignments to more demanding and complex global leadership roles.

From the standpoint of a supportive corporate culture, it is important to promote the value of two-way mobility in your organization. Make it attractive for talented leaders to accept global assignments. Even better, make such assignments a requirement for entry into the executive suite.

Finally, focus your attention on building a standardized and rigorous performance management system that is truly global. It should allow your organization to objectively compare managers across the globe, identify your top global leaders, and determine who deserves critical assignments.

What is a global leader? Someone who works across geographic and cultural boundaries — from the frontline to the executive suite.

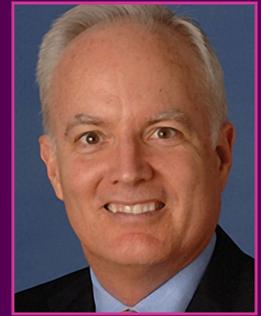
WHAT IT TAKES

In conclusion, we have learned that the process of building a deep bench of global leadership talent requires an unrelenting commitment that must span multiple years in order to succeed. The commitment must start at the senior ranks of your organization and cascade deeply into your organization. At the same time, it must be supported by rigorous and integrated talent management practices that recognize the unique demands of global leadership talent and reinforce their development using multiple means, from jobs to feedback to rewards to mentors to education.

RESEARCH METHODOLOGY

We approached our research on global leadership in two ways. The first step involved an in-depth literature search; we examined more than 1,000 studies and research papers on the topic. From this body of work, we identified the literature's consistent themes and identified best practices that organizations were deploying to develop their global leadership talent. The next step involved in-depth interviews with executive-level HR officers at 15 global companies. From these interviews, we were able to confirm the utility of the capability framework and fully vet the best practices for development. The interviews also enabled us to identify the barriers to a global leadership capability.

Q&A WITH JAY CONGER



Q: Jay, you've studied organizations and their leadership models for many years. How are most companies approaching global leadership?

Jay Conger: The typical company has a set of leadership competencies. Each competency has a set of proficiencies, generally tied to career level (for example, manager up to executive). Global leadership is generally regarded as the highest level of each competency.

The research we've conducted with Mercer shows that this is a flawed approach. Global leadership is not the next level of leadership but a different animal altogether. It is more effective to cultivate global leadership capabilities earlier in an employee's career and it requires a different set of competencies. In the model that we've outlined, there are some new competencies that are not typically part of a leadership model and some other competencies that are similar to what you might have in your leadership model, but which have a different meaning or a different twist from how you might currently be using them.

Q: What are some of the surprising findings you've uncovered?

JC: Many organizations take a laissez-faire approach to the development of their global leadership talent. It's plain and simple: Globalization of the talent has lagged behind globalization of the business.

For example, we find that companies often place little value or reward on global mobility. This is apparent in three ways. First, in some cases, line managers actually feel they will be penalized for taking international assignments. They feel that "out of sight is out of mind." Second, managers often hoard their talent and, without a culture of mobility, may be reluctant to offer up their best people for international assignments. Finally, and this is probably the biggest hurdle, repatriation is a serious problem. Those sent overseas have a hard time returning to their home country or to the corporate center.

Q: Given those barriers, what are the opportunities for improvement?

JC: There are many. Start by recognizing the unique capabilities required by global leaders. Develop a separate competency framework for your global leaders rather than operating with your current, universal leadership competency framework and integrate these concepts into your talent management practices.

Start developing your global leaders earlier in their careers and require international experience before entry into senior management roles. There is simply no alternative to an expatriate assignment — being there in a "real job." But it's expensive, so the key is to select people who have the right attributes, ensure the experience is real and challenging, provide the right support to the leader and his or her family, and most important, perhaps, plan for re-entry.

ABOUT THE AUTHORS

Jay Conger is the Henry Kravis research chair professor of leadership at Claremont McKenna College in Claremont, California, and the faculty chair of the Kravis Leadership Institute. He is also a visiting professor at the London Business School. *Business Week* named Jay the best business school professor to teach leadership, and one of the top five management education teachers worldwide. The *Financial Times* has ranked him as one of the top global executive educators. In his 25- year career, Jay has worked with more than 350 organizations.

Ketan Mhatre is an assistant professor of psychology at Claremont McKenna College in Claremont, California. He earned his Master of Management Studies degree from Mumbai University and his PhD in organizational behavior and leadership from the University of Nebraska. He undertook his postdoctoral work at Claremont McKenna College's Kravis Leadership Institute before assuming a position at the college.

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