

Requirements for international leaders ... a view on talent management in multinationals

Dr. Michael M. Meier

Cologne, October 4, 2008

Agenda

- **Egon Zehnder International**

Why are intercultural leadership skills important?

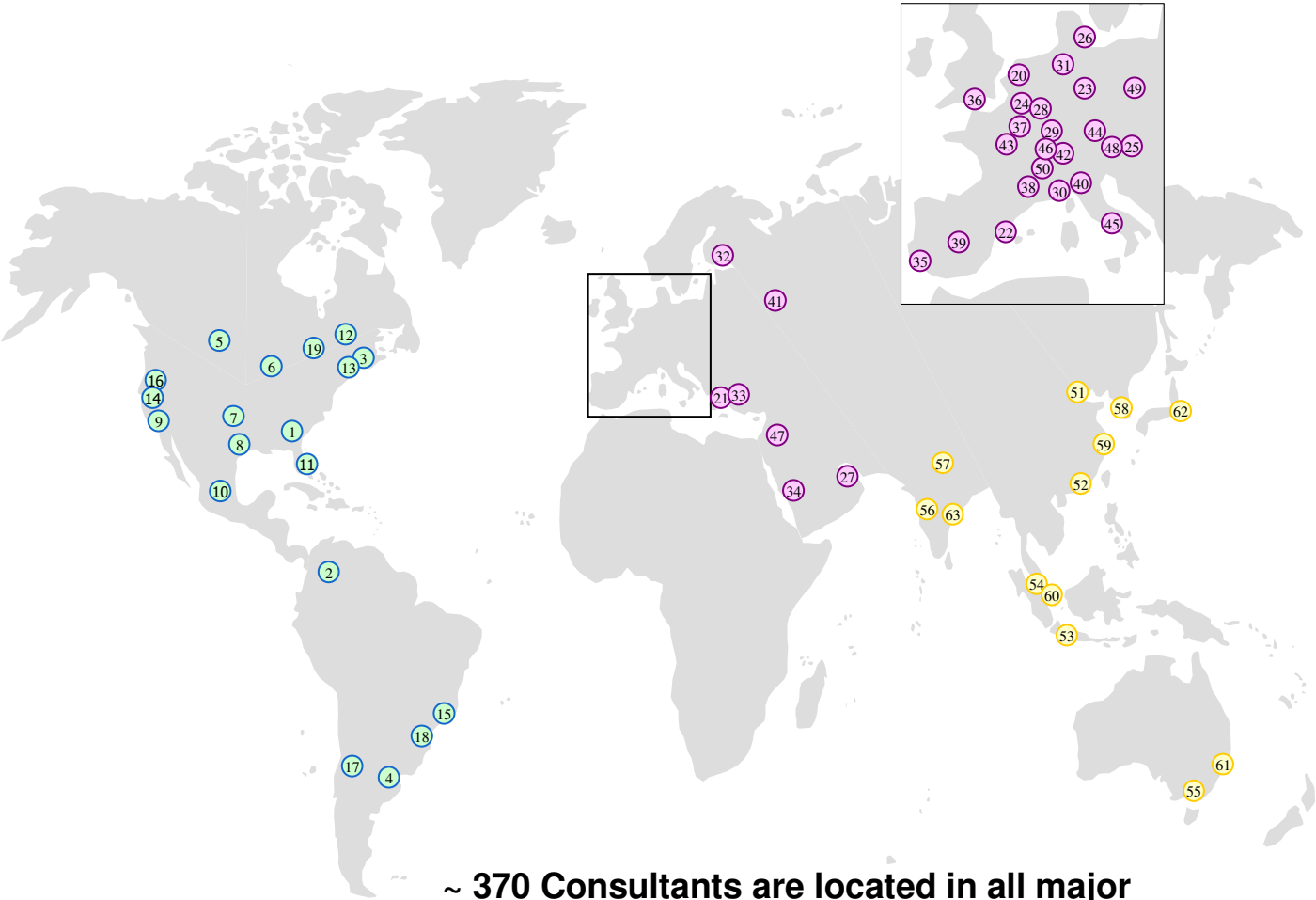
- **A View of international Talent Management**

Egon Zehnder International

Firm Profile

- Egon Zehnder is one of the world's largest global search firms
- Egon Zehnder is a private partnership equally owned by nearly 200 Partners around the world.
- The firm has 370 consultants, working in 63 offices and 37 countries. Total staff is over 1,200.
- We operate as a single unit, with a consistent methodology and a single profit center.
- Our firm was founded in 1964 ... we have over 40 years of experience. We reported revenue of over \$550 million in fiscal year 2007.

Egon Zehnder International – strong global presence



~ 370 Consultants are located in all major markets in 37 countries worldwide.

The Americas

- 1 Atlanta
- 2 Bogotá
- 3 Boston
- 4 Buenos Aires
- 5 Calgary
- 6 Chicago
- 7 Dallas
- 8 Houston
- 9 Los Angeles
- 10 Mexico City
- 11 Miami
- 12 Montréal
- 13 New York
- 14 Palo Alto
- 15 Rio de Janeiro
- 16 San Francisco
- 17 Santiago
- 18 São Paulo
- 19 Toronto

Europe, Middle East, Africa

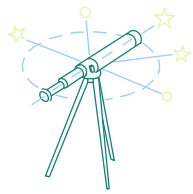
- 20 Amsterdam
- 21 Athens
- 22 Barcelona
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- 25 Budapest
- 26 Copenhagen
- 27 Dubai
- 28 Dusseldorf
- 29 Frankfurt
- 30 Geneva
- 31 Hamburg
- 32 Helsinki
- 33 Istanbul
- 34 Jeddah
- 35 Lisbon
- 36 London
- 37 Luxembourg
- 38 Lyon
- 39 Madrid
- 40 Milan
- 41 Moscow
- 42 Munich
- 43 Paris
- 44 Prague
- 45 Rome
- 46 Stuttgart
- 47 Tel Aviv
- 48 Vienna
- 49 Warsaw
- 50 Zurich

Asia Pacific

- 51 Beijing
- 52 Hong Kong
- 53 Jakarta
- 54 Kuala Lumpur
- 55 Melbourne
- 56 Mumbai
- 57 New Delhi
- 58 Seoul
- 59 Shanghai
- 60 Singapore
- 61 Sydney
- 62 Tokyo
- 63 Bangalore

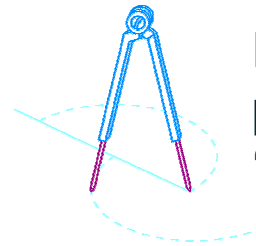
Egon Zehnder International – offered services

Executive Search



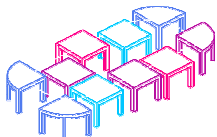
Identifying and attracting leaders for tomorrow's needs

Management Appraisal



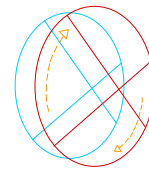
Benchmarking top people against 'best-in-class'

Board Consulting



Turning the board into a strategic asset

Talent Management



Developing and retaining your best people

Agenda

- **Egon Zehnder International**
- **Why are intercultural leadership skills important?**
- **A View of international Talent Management**

Recent surveys show that identifying future leaders is moving up on the agenda of CEOs

“Getting the right people in the right jobs is a lot more important than developing a strategy.”

Jack Welch, former Chairman and CEO, GE

“Top Management Issues Facing CEOs” *		
2005	versus	2010
1. Customer retention		1. Customer retention
2. Reducing costs		2. Developing and retaining potential leaders
3. Engaging employees in company’s vision/goals		3. Improving product innovation & commercialisation
4. Improving product innovation & commercialisation		4. Top management succession
5. Developing & retaining potential leaders		5. Managing mergers/acquisitions/alliances

* The Conference Board: The CEO challenge 2005 - Top Marketplace & Management Issues

Leaders are operating in an increasingly intercultural environment which requires differentiated skills

Understanding the linkage between leadership skills and intercultural effectiveness becomes increasingly important

CEO, Financial Services Company

- Global corporations grapple with highly difficult talent agenda
- There is no such thing as a universal global manager. Success in today's international climate demands closely linked clusters:
 - Business managers
 - Country managers
 - Functional managers, and
 - Top executives at corporate headquarters

Especially multinationals struggle to manage talents

“If you have to choose, it’s more important to have an open-minded leader than to have someone with the right language skills”

HR manager, Global industrial market leader








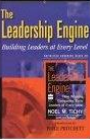


- **HR managers stress need for expatriates to learn about the culture of the countries they transfer to, but....**
- **Multinational companies struggle on a number of talent-management fronts:**
 - **Achieving greater diversity**
 - **Overcoming barriers to international mobility**
 - **Establishing consistent HR processes worldwide**
- **Movement of employees between countries is still surprisingly limited**
- **People tempted to relocate fear that this will damage their career prospects**

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- **Why are intercultural leadership skills important**
- **A View of International Talent Management**

EZI has recently examined Global Best Practice in Talent Management

Focus of global EZI Talent Management Survey

Participating Companies	Academics	Published Material
	 <p>Chris Bartlett Harvard Business School</p>  <p>Hayagreeva Rao Kellogg School of Management / Northwestern University</p>  <p>Rick Boyatzis Weatherhead School of Management</p>  <p>Cary Cherniss Rutgers Graduate School of Applied and Professional Psychology</p>	 <p>Ram Charan - Leadership Pipeline</p>  <p>Hewitt – Leading the Way</p>  <p>Noel Tichy – Leadership Engine</p>  <p>Conference Board Survey on Talent Mgmt</p>  <p>Towers Perrin - Look Closer</p>

We found 6 Key Drivers of Success

Leadership

1. The line must lead it, with discipline

“ Bertelsmann’s management is a top-drawer team of first-rate executives”

Manager Magazin, 9/2004

BERTELSMANN
media worldwide

Bertelsmann has created a culture where senior line executives make talent one of their top priorities

- Every single member of the leadership team **allocates a substantial amount of time to talent management** because they see it as being about knowing and motivating people and not about administering systems
- Having a proven ability to recruit and **develop entrepreneurial talent is mandatory** for making it to the top ranks of Bertelsmann
- The company **aggressively screens for leadership talent** during recruiting and provides off-the-job and on-the-job leadership training very early
- The “Management Development” function is staffed with many **former line managers**
- **All Board Members** are active in attracting, recruiting, assessing and developing high-caliber people

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Leadership

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Alignment

2. Integrate it with the business leadership agenda

We found 6 Key Success Drivers

Alignment

2. The TM agenda is integrated with the business leadership agenda



- Top leaders **review talent** at the business level during major business reviews (annually or semi-annually)
- Business Reviews conclude with **decisions** on talent development actions (for individuals and overall)
- **High potential executives assigned to development** actions based on other factors besides what is best for the business they are in
- A **common framework** for how you develop talent based on different kinds of business roles
- **As much time** is going into the people discussion as in the budget discussion

Source: HBS Case 9-304-049 GE's Talent Machine, May 2004

We found 6 Key Drivers of Success

Leadership

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-

Alignment

2. Integrate it with the business leadership agenda
3. Agree on a simple, transparent model of what good looks like

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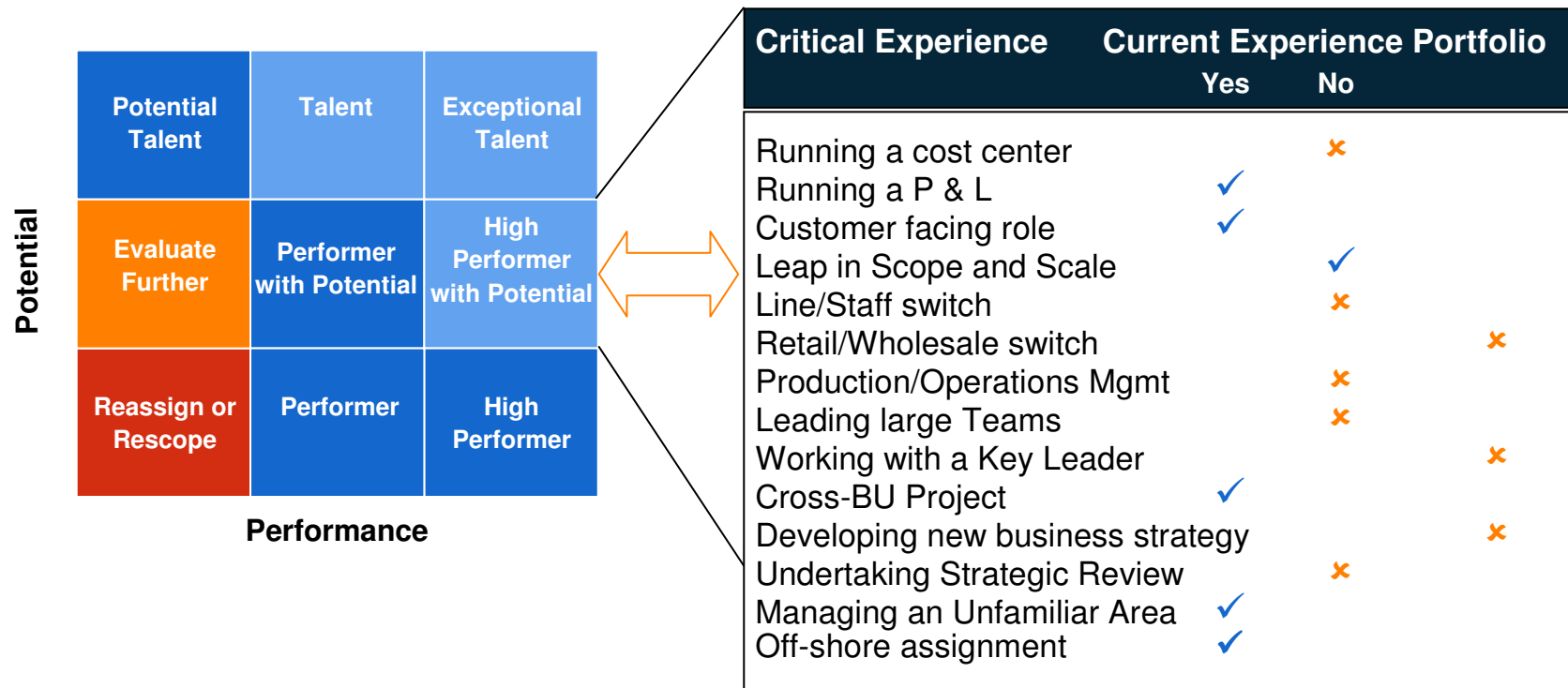
Discipline

4. Assess and develop executives rigorously (internally & externally)

Discipline

Assess Performance and Potential separately (internally & externally)

Assessing Executives – introducing transparency



Source: EZI Model; Financial Services Company

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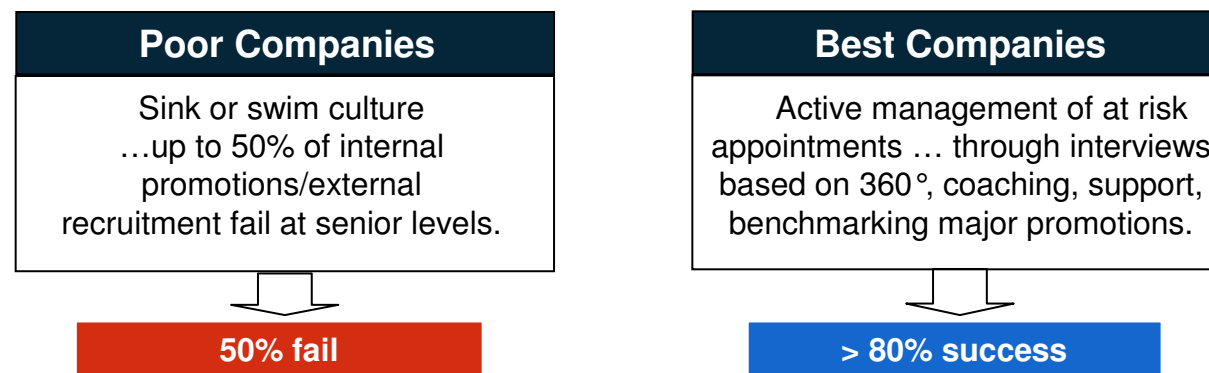
4. Assess and develop executives rigorously (internally & externally)

5. Manage the risk proactively (Onboarding)

Onboarding - Examples:



- Best-in-Class companies all **invest in helping** their top leaders succeed during critical junctures in their careers
- They create momentum during the first few months, **manage the expectations-reality gap** and build credibility to secure some early wins as a foundation of longer-term success
- Successful “Onboarding Programs” have the following elements:
 - tailor-made **induction plans**
 - **externally facilitated integration** reviews after 2-3 months
 - open **360° discussions** face to face
 - early corrective action and active assistance to: deal with the new situation, to build key relationships in the network, and to learn the culture (coaching and mentoring)



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6. Measure the impact of Talent Management on results comprehensively

Most companies fall short of best practice

Stages of Excellence in international Talent Management

Stages	 1. “The Undecided”	 2. “The Decided”	 3. “The Committed”	 4. “The Proven”
Leadership Commitment	“Sceptical”	“Limited - primarily HR”	“Emerging - CEO plus selected others”	“Significant - across the entire team”
Estimated Proportion of Companies	>50% 	>25% 	<10% 	<5% 

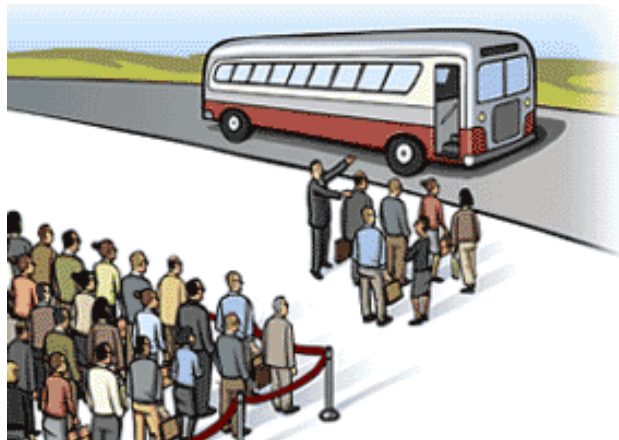
Talent Management challenges for companies in Japan

- **An ageing workforce and increased international expansion pose great challenges for both Japanese companies and Non-Japanese companies**
- **Further development in terms of expertise and thorough international know-how**
- **Leave the traditional lifetime employment system and expose themselves to new challenges and influences**
- **Hire managers from outside**

From Good to Great: Trends in talent management and leadership development

“Leaders of great companies first focus on getting the right people on the bus and then decide where to take it.”

Jim Collins, *Good to Great*, 2001



“Most companies build their **bureaucratic rules** to manage the small percentage of wrong people on the bus, which in turn **drives away the right people** on the bus, which then increases the percentage of wrong people on the bus, which increases the need for more bureaucracy to **compensate for the incompetence** and lack of discipline, which then further drives the right people away....

- Hiring internationally experienced, proactive managers rather than managers/talents/graduates with high IQ only
- Rotating talent globally across divisions and geographies
- Liberating talent trapped in national silos

Requirements for international leaders

THANK YOU !