*The answer is a network of specialists, not a single individual.*

# What Is a Global Manager?

by Christopher A. Bartlett and Sumantra Ghoshal

In the early stages of its drive overseas, Corning Glass hired an American ex-ambassador to head up its international division. He had excellent contacts in the governments of many nations and could converse in several languages, but he was less familiar with Corning and its businesses. In contrast, ITT decided to set up a massive educational program to "globalize" all managers responsible for its worldwide telecommunications business – in essence, to replace its national specialists with global generalists.

Corning and ITT eventually realized they had taken wrong turns. Like many other companies organizing for worldwide operations in recent years, they found that an elite of jet-setters was often difficult to integrate into the corporate mainstream; nor did they need an international team of big-picture overseers to the exclusion of focused experts.

Success in today's international climate – a far cry from only a decade ago – demands highly specialized yet closely linked groups of global business managers, country or regional managers, and worldwide functional managers. This kind of organization characterizes a *transnational* rather than an old-line multinational, international, or global company. Transnationals integrate assets, resources, and diverse people in operating units around the world. Through a flexible management process, in which business, country, and functional managers form a triad of different perspectives that balance one another, transnational companies can build three strategic capabilities:

- ☐ global-scale efficiency and competitiveness;
- ☐ national-level responsiveness and flexibility; and
- ☐ cross-market capacity to leverage learning on a worldwide basis.

While traditional organizations, structured along product or geographic lines, can hone one or another of these capabilities, they cannot cope with the challenge of all three at once. But an emerging group of transnational companies has begun to transform the classic hierarchy of headquarters-

*Christopher A. Bartlett is a professor at the Harvard Business School and chairman of the International Senior Management Program there. Sumantra Ghoshal is a professor and Digital Equipment Research Fellow at INSEAD in Fontainebleau, France. Recent books by Bartlett and Ghoshal include* Managing Across Borders: The Transnational Solution *(Harvard Business School Press, 1989) and* Transnational Management: Text, Cases, and Readings in Cross-Border Management *(Irwin, 1992).*



DRAWINGS BY GARISON WEILAND

Copyright ©2000. All Rights Reserved.

subsidiary relationships into an integrated network of specialized yet interdependent units. For many, the greatest constraint in creating such an organization is a severe shortage of executives with the skills, knowledge, and sophistication to operate in a more tightly linked and less classically hierarchical network.

In fact, in the volatile world of transnational corporations, there is no such thing as a universal global manager. Rather, there are three groups of specialists: business managers, country managers, and functional managers. And there are the top executives at corporate headquarters, the leaders who manage the complex interactions between the three–and can identify and develop the talented executives a successful transnational requires.

To build such talent, top management must understand the strategic importance of each specialist. The careers of Leif Johansson of Electrolux, Howard Gottlieb of NEC, and Wahib Zaki of Procter & Gamble vividly exemplify the specialized yet interdependent roles the three types of global managers play.

## The Business Manager: Strategist + Architect + Coordinator

Global business or product-division managers have one overriding responsibility: to further the company's global-scale efficiency and competitiveness. This task requires not only the perspective to recognize opportunities and risks across national and functional boundaries but also the skill to coordinate activities and link capabilities across those barriers. The global business manager's overall goal is to capture the full benefit of integrated world wide operations.

To be effective, the three roles at the core of a business manager's job are to serve as the strategist for his or her organization, the architect of its worldwide asset and resource configuration, and the coordinator of transactions across national borders. Leif Johansson, now president of Electrolux, the Swedish-based company, played all three roles successfully in his earlier position as head of the household appliance division.

In 1983, when 32-year-old Johansson assumed responsibility for the division, he took over a business that had been built up through more than 100 acquisitions over the previous eight years. By the late 1980s, Electrolux's portfolio included more than 20 brands sold in some 40 countries, with acquisitions continuing throughout the decade. Zanussi, for example, the big Italian manufacturer acquired by Electrolux in 1984, had built a strong market presence based on its reputation for innovation in household and commercial appliances. In addition, Arthur Martin in France and Zoppas in Norway had strong local brand positions but limited innovative capability.

As a result of these acquisitions, Electrolux had accumulated a patchwork quilt of companies, each with a different product portfolio, market position, and competitive situation. Johansson soon recognized the need for an overall strategy to coordinate and integrate his dispersed operations.

Talks with national marketing managers quickly convinced him that dropping local brands and standardizing around a few high-volume regional and global products would be unwise. He agreed with the local managers that their national brands were vital to maintaining consumer loyalty, distribution leverage, and competitive flexibility in markets that they saw fragmenting into more and more segments. But Johansson also understood the views of his division staffmembers, who pointed to the many similarities in product characteristics and consumer needs in the various markets. The division staff was certain Electrolux could use this advantage to cut across markets and increase competitiveness.

Johansson led a strategy review with a task force of product-division staff and national marketing managers. While the task force confirmed the marketing managers' notion of growing segmentation, its broader perspective enabled Johansson to see a convergence of segments across national markets. Their closer analysis also refined management's understanding of local market needs, concluding that consumers perceived "localness" mainly in terms of how a product was sold (distribution through local channels, promotion in local media, use of local brand names) instead of how it was designed or what features it offered.

From this analysis, Johansson fashioned a product-market strategy that identified two full-line regional brands to be promoted and supported in all European markets. He positioned the Electrolux brand to respond to the cross-market segment for high prestige (customers characterized as "conservatives"), while the Zanussi brand would fill the segment where innovative products were key (for "trendsetters").

The local brands were clustered in the other two market segments pinpointed in the analysis: "yuppies" ("young and aggressive" urban professionals) and "environmentalists" ("warm and friendly" people interested in basic-value products). The new



Copyright ©2000. All Rights Reserved.

strategy provided Electrolux with localized brands that responded to the needs of these consumer groups. At the same time, the company captured the efficiencies possible by standardizing the basic chassis and components of these local-brand products, turning them out in high volume in specialized regional plants.

So, by tracking product and market trends across borders, Leif Johansson captured valuable global-scale efficiencies while reaping the benefits of a flexible response to national market fragmentation. What's more, though he took on the leadership role as a strategist, Johansson never assumed he alone had the understanding or the ability to form a global appliance strategy; he relied heavily on both corporate and local managers. Indeed, Johansson continued to solicit guidance on strategy through a council of country managers called the 1992 Group and through a set of product councils made up of functional managers.

In fact, the global business manager's responsibility for the distribution of crucial assets and resources is closely tied to shaping an integrated strategy. While he or she often relies on the input of regional and functional heads, the business manager is still the architect who usually initiates and leads the debate on where major plants, technical centers, and sales offices should be located – and which facilities should be closed.

The obvious political delicacy of such debates is not the only factor that makes simple economic analysis inadequate. Within every operating unit there exists a pool of skills and capabilities that may have taken a lot of time and investment to build up. The global business manager has to achieve the most efficient distribution of assets and resources while protecting and leveraging the competence at hand. Electrolux's household appliance division had more than 200 plants and a bewildering array of technical centers and development groups in many countries. It was clear to Johansson that he had to rationalize this infrastructure.

He began by setting a policy for the household appliance division that would avoid concentration of facilities in one country or region, even in its Scandinavian home base. At the same time, Johansson wanted to specialize the division's development and manufacturing infrastructure on a "one product, one facility" basis. He was determined to allocate important development and manufacturing tasks to each of the company's major markets. In trying to optimize robustness and flexibility in the long term rather than minimize short-term costs, Johansson recognized that a specialized yet dispersed system would be less vulnerable to exchange-rate fluctuations and political uncertainties. This setup also tapped local managerial and technical resources, thereby reducing dependence on the small pool of skilled labor and management in Sweden.

Instead of closing old plants, Johansson insisted on upgrading and tailoring existing facilities, whenever possible. In addition to averting political fallout and organizational trauma, Electrolux would

For Electrolux's Leif Johansson, globalization meant rationalizing more than 200 plants.

then retain valuable know-how and bypass the startup problems of building from scratch. An outstanding example of this approach is Zanussi's Porcia plant in Italy, which Electrolux turned into the world's largest washing machine plant. After a massive $150-million investment, the Porcia plant now produces 1.5 million units a year.

Although acquisition-fueled growth often leads to redundancy and overcapacity, it can also bring new resources and strengths. Instead of wiping out the division's diversity through homogenization or centralization, Johansson decided to leverage it by matching each unit's responsibilities with its particular competence. Because of the Scandinavian flair for modular design, he assigned the integrated kitchen-system business to Electrolux's Swedish and Finnish units. He acknowledged Porcia's experience in component production by consolidating design and production of compressors there. Johansson's reshaping of assets and resources not only enhanced scale economies and operational flexibility but also boosted morale by giving operating units the opportunity to leverage their distinctive competences beyond their local markets.

Newly developed business strategies obviously need coordination. In practice, the specialization of assets and resources swells the flow of products and components among national units, requiring a firm hand to synchronize and control that flow. For organizations whose operations have become more dispersed and specialized at the same time that their strategies have become more connected and integrated, coordination across borders is a tough challenge. Business managers must fashion a repertoire of approaches and tools, from simple centralized control to management of exceptions identified through formal policies to indirect management via informal communication channels.



Copyright ©2000. All Rights Reserved.

Leif Johansson coordinated product flow – across his 35 national sales units and 29 regional sourcing facilities – by establishing broad sourcing policies and transfer-pricing ranges that set limits but left negotiations to internal suppliers and customers. For instance, each sales unit could negotiate a transfer price with its internal source for a certain product in a set range that was usually valid for a year. If the negotiations moved outside that range, the companies had to check with headquarters. As a coordinator, Johansson led the deliberations that defined the logic and philosophy of the parameters; but he stepped back and let individual unit managers run their own organizations, except when a matter went beyond policy limits.

In contrast, coordination of business strategy in Johansson's division was managed through teams that cut across the formal hierarchy. Instead of centralizing, he relied on managers to share the responsibility for monitoring implementation and resolving problems through teams. To protect the image and positioning of his regional brands – Electrolux and Zanussi – he set up a brand-coordination group for each. Group members came from the sales companies in key countries, and the chairperson was a corporate marketing executive. Both groups were responsible for building a coherent, pan-European strategy for the brand they represented.

To rationalize the various product strategies across Europe, Johansson created product-line boards to oversee these strategies and to exploit any synergies. Each product line had its own board made up of the corporate product-line manager, who was chair, and his or her product managers. The Quattro 500 refrigerator-freezer, which was designed in Italy, built in Finland, and marketed in Sweden, was one example of how these boards could successfully integrate product strategy.

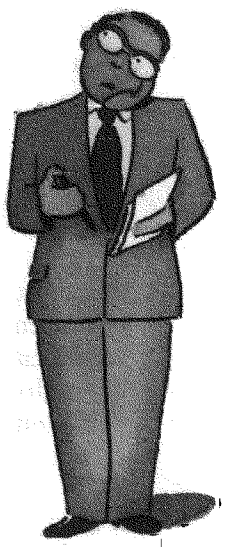
In addition, the 1992 Group periodically reviewed the division's overall results, kept an eye on its manufacturing and marketing infrastructure, and supervised major development programs and investment projects. Capturing the symbolic value of 1992 in its name, the group was chaired by Johansson himself and included business managers from Italy, the United Kingdom, Spain, the United States, France, Switzerland, and Sweden.

Indeed, coordination probably takes up more of the global business manager's time than any other aspect of the job. This role requires that a manager have great administrative and interpersonal skills to ensure that coordination and integration don't deteriorate into heavy-handed control.

Many traditional multinational companies have made the mistake of automatically anointing their home country product-division managers with the title of global business manager. Sophisticated transnational companies, however, have long since separated the notions of coordination and centralization, looking for business leadership from their best units, wherever they may be located. For example, Asea Brown Boveri, the Swiss-headquartered electrical engineering corporation, has tried to leverage the strengths of its operating companies and exploit their location in critical markets by putting its business managers wherever strategic and organizational dimensions coincide. In Asea Brown Boveri's power-transmission business, the manager for switchgear is located in Sweden, the manager for power transformers is in Germany, the manager for distribution transformers is in Norway, and the manager for electric metering is in the United States.

Even well-established multinationals with a tradition of tight central control are changing their tack. The head of IBM's telecommunications business recently moved her division headquarters to London, not only to situate the command center closer to the booming European market for computer networking but also "to give us a different perspective on all our markets."

## The Country Manager: Sensor + Builder + Contributor



The building blocks for most worldwide companies are their national subsidiaries. If the global business manager's main objective is to achieve global-scale efficiency and competitiveness, the national subsidiary manager's is to be sensitive and responsive to the local market. Country managers play the pivotal role not only in meeting local customer needs but also in satisfying the host government's requirements and defending their company's market positions against local and external competitors.

The need for local flexibility often puts the country manager in conflict with the global business manager. But in a successful transnational like Electrolux, negotiation can resolve these differences. In this era of intense competition around the world, companies cannot afford to permit a subsidiary manager to defend parochial interests as "king of the country."



Copyright ©2000. All Rights Reserved.

Nor should headquarters allow national subsidiaries to become the battleground for corporate holy wars fought in the name of globalization. In many companies, their national subsidiaries are hothouses of entrepreneurship and innovation – homes for valuable resources and capabilities that must be nurtured, not constrained or cut off. The subsidiaries of Philips, for one, have consistently led product development: in television, the company's first color TV was developed in Canada, the first stereo model in Australia, and the first teletext in the United Kingdom. Unilever's national subsidiaries have also been innovative in product-marketing strategy: Germany created the campaign for Snuggle (a fabric softener); Finland developed Timotei (an herbal shampoo); and South Africa launched Impulse (a body perfume).

> To get a global telecom switch, NEC's Howard Gottlieb had to convince Tokyo that the U.S. market mattered.

In fact, effective country managers play three vital roles: the sensor and interpreter of local opportunities and threats, the builder of local resources and capabilities, and the contributor to and active participant in global strategy. Howard Gottlieb's experience as general manager of NEC's switching-systems subsidiary in the United States illustrates the importance of all three tasks.

As a sensor, the country manager must be good at gathering and sifting information, interpreting the implications, and predicting a range of feasible outcomes. More important, this manager has the difficult task of conveying the importance of such intelligence to people higher up, especially those whose perceptions may be dimmed by distance or even ethnocentric bias. Today, when information gathered locally increasingly applies to other regions or even globally, communicating effectively is crucial. Consumer trends in one country often spread to another; technologies developed in a leading-edge environment can have global significance; a competitor's local market testing may signal a wider strategy; and national legislative initiatives in areas like deregulation and environmental protection tend to spill across borders.

Gottlieb's contribution to NEC's understanding of changes in the telecommunications market demonstrates how a good sensor can connect local intelligence with global strategy. In the late 1980s, Gottlieb was assigned to build the U.S. market for NEAX 61, a widely acclaimed digital telecom switch designed by the parent company in Japan. Although it was technologically sophisticated, early sales didn't meet expectations.

His local-market background and contacts led Gottlieb to a quick diagnosis of the problem. NEC had designed the switch to meet the needs of NTT, the Japanese telephone monopoly, and it lacked many features U.S. customers wanted. For one thing, its software didn't incorporate the protocol conversions necessary for distributing revenues among the many U.S. companies that might handle a single long-distance phone call. Nor could the switch handle revenue-enhancing features like "call waiting" and "call forwarding," which were vital high-margin items in the competitive, deregulated American market.

In translating the needs of his U.S. division to the parent company NEC, Gottlieb had a formidable task. To convince his superiors in Japan that redesigning NEAX 61 was necessary, he had to bridge two cultures and penetrate the subtleties of the parent company's Japanese-dominated management processes. And he had to instill a sense of urgency in several corporate management groups, varying his pitches to appeal to the interests of each. For instance, Gottlieb convinced the engineering department that the NEAX 61 switch had been underdesigned for the U.S. market and the marketing department that time was short because the Bell operating companies were calling for quotes.

A transnational's greater access to the scarcest of all corporate resources, human capability, is a definite advantage when compared with strictly local companies – or old-line multinationals, for that matter. Scores of companies like IBM, Merck, and Procter & Gamble have recognized the value of harvesting advanced (and often less expensive) scientific expertise by upgrading local development labs into global centers of technical excellence.

Other companies have built up and leveraged their overseas human resources in different ways. Cummins Engine, for example, has set up its highly skilled but surprisingly low-cost Indian engineering group as a worldwide drafting resource; American Airlines's Barbados operation does much of the corporate clerical work; and Becton Dickinson, a large hospital supply company, has given its Belgian subsidiary pan-European responsibility for managing distribution and logistics.

Indeed, the burden of identifying, developing, and leveraging such national resources and capabilities falls on country managers. Howard Gottlieb, after



Copyright ©2000. All Rights Reserved.

convincing Tokyo that the United States would be an important market for NEC's global digital-switch design, persuaded headquarters to permit his new engineering group to take part early on in the product development of the next generation switch – the NEAX 61 E. He sent teams of engineers to Japan to work with the original designers; and, to verify his engineers' judgments, Gottlieb invited the designers to visit his customers in the United States. These exchanges not only raised the sensitivity of NEC's Japan-based engineers to U.S. market needs but also significantly increased their respect for their American colleagues. Equally important, the U.S. unit's morale rose.

As a builder, Gottlieb used this mutual confidence as the foundation for creating a software-development capability that would become a big corporate asset. Skilled software engineers, very scarce in Japan, were widely available in the United States. Gottlieb's first move was to put together a small software team to support local projects. Though its resources were limited, the group turned out a number of innovations, including a remote software-patching capability that later became part of the 61 E switch design. The credibility he won at headquarters allowed Gottlieb to expand his design engineering group from 10 to more than 50 people within two years, supporting developments not only in North America but also eventually in Asia.

In many transnationals, access to strategically important information – and control over strategically important assets – has catapulted country managers into a much more central role. As links to local markets, they are no longer mere implementers of programs and policies shaped at headquarters; many have gained some influence over the way their organizations make important strategic and operational decisions. In most of today's truly transnational companies, country managers and their chief local subordinates often participate in new product-development committees, product-marketing task forces, and global-strategy conferences. Even at the once impenetrable annual top management meetings, national subsidiary managers may present their views and defend their interests before senior corporate and domestic executives – a scenario that would have been unthinkable even a decade ago.

Of course, the historic position of most national units of worldwide companies has been that of the implementer of strategy from headquarters. Because the parent company's accepted objectives are the outcome of discussion and negotiation involving numerous units, divisions, and national subsidiaries, sometimes a country manager must carry out a strategy that directly conflicts with what he or she has lobbied for in vain.

But a diverse and dispersed worldwide organization, with subsidiaries that control many of the vital development, production, and marketing resources, can no longer allow the time-honored "king of the country" to decide how, when, and even whether his or her national unit will implement a particular strategic initiative. The decision made by the North American subsidiary of Philips to outsource its VCRs from a Japanese competitor rather than the parent company is one of the most notorious instances of how a local "king" can undermine global strategy.

At NEC, Howard Gottlieb spent about 60% of his time on customer relations and probing the market and about 30% managing the Tokyo interface. His ability to understand and interpret the global strategic implications of U.S. market needs – and the software-development group he built from scratch – allowed him to take part in NEC's ongoing strategy debate. As a result, Gottlieb changed his division's role from implementer of corporate strategy to active contributor in designing that strategy.

## The Functional Manager: Scanner + Cross-Pollinator + Champion

While global business managers and country managers have come into their own, functional specialists have yet to gain the recognition due them in many traditional multinational companies. Relegated to support-staff roles, excluded from important meetings, and even dismissed as unnecessary overhead, functional managers are often given little chance to participate in, let alone contribute to, the corporate mainstream's global activity. In some cases, top management has allowed staff functions to become a warehouse for corporate misfits or a graveyard for managerial has-beens. Yet at a time when information, knowledge, and expertise have become more specialized, an organization can gain huge benefits by linking its technical, manufacturing, marketing, human resources, and financial experts worldwide.

Given that today's transnationals face the strategic challenge of resolving the conflicts implicit in



Copyright ©2000. All Rights Reserved.

achieving global competitiveness, national responsiveness, and worldwide learning, business and country managers must take primary responsibility for the first two capabilities. But the third is the functional manager's province.

Building an organization that can use learning to create and spread innovations requires the skill to transfer specialized knowledge while also connecting scarce resources and capabilities across national borders. To achieve this important objective, functional managers must scan for specialized information worldwide, "cross-pollinate" leading-edge knowledge and best practice, and champion innovations that may offer transnational opportunities and applications.

> The challenge for Procter & Gamble's Wahib Zaki was to turn isolated labs into a close-knit R&D network.

Most innovation starts, of course, when managers perceive a particular opportunity or market threat, such as an emerging consumer trend, a revolutionary technological development, a bold competitive move, or a pending government regulation. When any of these flags pops up around the world, it may seem unimportant to corporate headquarters if viewed in isolation. But when a functional manager acts as a scanner, with the expertise and perspective to detect trends and move knowledge across boundaries, he or she can transform piecemeal information into strategic intelligence.

In sophisticated transnationals, senior functional executives serve as linchpins, connecting their areas of specialization throughout the organization. Using informal networks, they create channels for communicating specialized information and repositories for proprietary knowledge. Through such links, Electrolux marketing managers first identified the emergence of cross-market segments and NEC's technical managers were alerted to the shift from analog to digital switching technology.

In the same manner, Wahib Zaki of Procter & Gamble's European operations disapproved of P&G's high-walled organizational structures, which isolated and insulated the technical development carried out in each subsidiary's lab. When Zaki became head of R&D in Europe, he decided to break down some walls. In his new job, he was ideally placed to become a scanner and cross-pollinator. He formed European technical teams and ran a series of conferences in which like-minded experts from various countries could exchange information and build informal communication networks.

Still, Zaki needed more ammunition to combat the isolation, defensiveness, and "not invented here" attitude in each research center. He distributed staff among the European technical center in Brussels and the development groups of P&G's subsidiaries. He used his staff teams to help clarify the particular role of each national technical manager and to specialize activities that had been duplicated on a country-by-country basis with little transfer of accumulated knowledge.

In response to competitive threats from rivals Unilever, Henkel, and Colgate-Palmolive – and to a perceived consumer trend – P&G's European headquarters asked the Brussels-based research center to develop a new liquid laundry detergent. By that time, Zaki had on hand a technical team that had built up relationships among its members so that it formed a close-knit network of intelligence and product expertise.

The team drew the product profile necessary for healthy sales in multiple markets with diverse needs. In several European markets, powdered detergents contained enzymes to break down protein-based stains, and the new liquid detergent would have to accomplish the same thing. In some markets, a bleach substitute was important; in others, hard water presented the toughest challenge; while in several countries, environmental concerns limited the use of phosphates. Moreover, the new detergent had to be effective in large-capacity, top-loading machines, as well as in the small front-loading machines common in Europe.

Zaki's team developed a method that made enzymes stable in liquid form (a new technique that was later patented), a bleach substitute effective at low temperatures, a fatty acid that yielded good water-softening performance without phosphates, and a suds-suppressant that worked in front-loading machines (so bubbles wouldn't ooze out the door). By integrating resources and expertise, Zaki cross-pollinated best practice for a new product.

The R&D group was so successful that the European headquarters adopted the use of teams for its management of the new brand launch. P&G's first European brand team pooled the knowledge and expertise of brand managers from seven subsidiaries to draft a launch program and marketing strategy for the new liquid detergent Vizir, which ensured its triumphant rollout in seven countries in six months. P&G's homework enabled it to come up with a product that responded to European needs,



Copyright ©2000. All Rights Reserved.

while Colgate-Palmolive was forced to withdraw its liquid detergent brand, Axion – which had been designed in the United States and wasn't tailored for Europe – after an 18-month market test.

As a reward for his performance in Europe, Wahib Zaki was transferred to Procter & Gamble's Cincinnati corporate headquarters as a senior vice president of R&D. He found that researchers there were working on improved builders (the ingredients that break down dirt) for a new liquid laundry detergent to be launched in the United States. In addition, the international technology-coordination group was working with P&G's Japanese subsidiary to formulate a liquid detergent surfactant (the ingredient that removes greasy stains) that would be effective in the cold-water washes common in Japanese households, where laundry is often done in used bath water. Neither group had shared its findings or new ideas with the other, and neither had incorporated the numerous breakthroughs represented by Vizir – despite the evidence that consumer needs, market trends, competitive challenges, and regulatory requirements were all spreading across national borders.

Playing the role of champion, Zaki decided to use this development process to demonstrate the benefits of coordinating P&G's sensitivity and responsiveness to diverse consumer needs around the world. He formed a team drawn from three technical groups (one in Brussels and two in the United States) to turn out a world liquid laundry detergent. The team analyzed the trends, generated product specifications, and brought together dispersed technical knowledge and expertise, which culminated in one of Procter & Gamble's most successful product launches ever. Sold as Liquid Tide in the United States, Liquid Cheer in Japan, and Liquid Ariel in Europe, the product was P&G's first rollout on such a global scale.

> Limited human resources – *not* unreliable capital – are the biggest constraint when companies globalize.

As Zaki continued to strengthen cross-border technology links through other projects, Procter & Gamble gradually converted its far-flung sensing and response resources into an integrated learning organization. By scanning for new developments, cross-pollinating best practice, and championing innovations with transnational applications, Wahib Zaki, a superlative functional manager, helped create an organization that could both develop demonstrably better new products and roll them out at a rapid pace around the world.

## The Corporate Manager: Leader + Talent Scout + Developer

Clearly, there is no single model for the global manager. Neither the old-line international specialist nor the more recent global generalist can cope with the complexities of cross-border strategies. Indeed, the dynamism of today's marketplace calls for managers with diverse skills. Responsibility for worldwide operations belongs to senior business, country, and functional executives who focus on the intense interchanges and subtle negotiations required. In contrast, those in middle management and front-line jobs need well-defined responsibilities, a clear understanding of their organization's transnational mission, and a sense of accountability – but few of the distractions senior negotiators must shoulder.

Meanwhile, corporate managers integrate these many levels of responsibility, playing perhaps the most vital role in transnational management. The corporate manager not only leads in the broadest sense; he or she also identifies and develops talented business, country, and functional managers – and balances the negotiations among the three. It's up to corporate managers to promote strong managerial specialists like Johansson, Gottlieb, and Zaki, those individuals who can translate company strategy into effective operations around the world.

Successful corporate managers like Floris Maljers, co-chairman of Unilever, have made the recruitment, training, and development of promising executives a top priority. By the 1980s, with Maljers as chairman, Unilever had a clear policy of rotating managers through various jobs and moving them around the world, especially early in their careers. Unilever was one of the first transnationals to have a strong pool of specialized yet interdependent senior managers, drawn from throughout its diverse organization.

But while most companies require only a few truly transnational managers to implement cross-border strategies, the particular qualities necessary for such positions remain in short supply. According to Maljers, it is this limitation in human resources –



Copyright ©2000. All Rights Reserved.

*not* unreliable or inadequate sources of capital – that has become the biggest constraint in most globalization efforts.

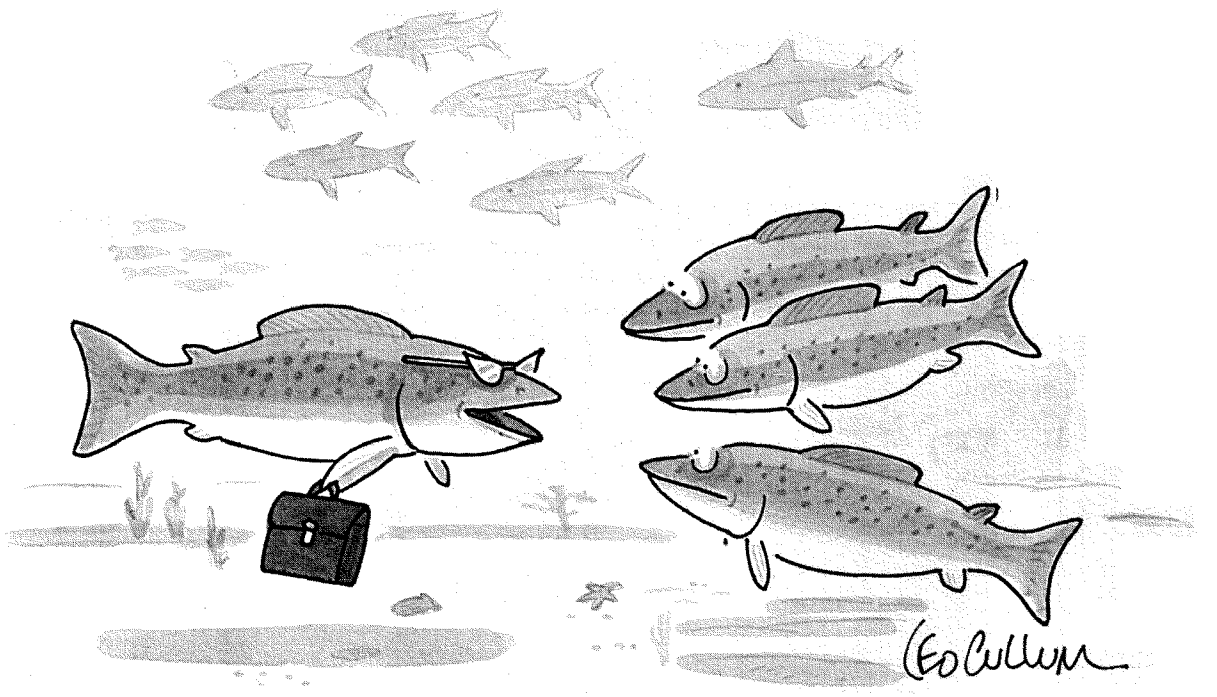
Locating such individuals is difficult under any circumstances, but corporate managers greatly improve the odds when their search broadens from a focus on home-country managers to incorporate the worldwide pool of executives in their organization. Because transnationals operate in many countries, they have access to a wide range of managerial talent. Yet such access – like information on local market trends or consumer needs that should cross organizational boundaries – is often an underexploited asset.

As a first step, senior executives can identify those in the organization with the potential for developing the skills and perspectives demanded of global managers. Such individuals must have a broad, nonparochial view of the company and its operations yet a deep understanding of their own business, country, or functional tasks. Obviously, even many otherwise talented managers in an organization aren't capable of such a combination of flexibility and commitment to specific interests, especially when it comes to cross-border coordination and integration. Top management may have to track the careers of promising executives over a number of years before deciding whether to give them senior responsibilities. At Unilever, for example, the company maintains four development lists that indicate both the level of each manager and his or her potential. The progress of managers on the top "A1" list is tracked by Unilever's Special Committee, which includes the two chairmen.

Once corporate managers identify the talent, they have the duty to develop it. They must provide opportunities for achievement that allow business, country, and functional managers to handle negotiations in a worldwide context. A company's ability to identify individuals with potential, legitimize their diversity, and integrate them into the organization's corporate decisions is the single clearest indicator that the corporate leader is a true global manager – and that the company itself is a true transnational.

*Editor's Note: In this issue of HBR, "Inside Unilever: The Evolving Transnational Company" by Floris Maljers provides a top manager's perspective on the work of globalization.*

Reprint 92502




*"Believe me, someday I'd love to spawn but right now I'm very involved in my career."*

CARTOON BY LEO CULLUM



Copyright ©2000. All Rights Reserved.