

What color is your passport?

Companies, especially in the consumer sector, will win at global growth only if they expand their horizons worldwide for talent. New leaders will be culturally diverse, agile, fluent—and not all carrying the same passport from ‘home’ markets.



Globalization's talent challenge.

It stands to reason: Global companies need global leaders. But the view from the home market all too often has held sway—the belief that what sold in Topeka would automatically sell in Taipei. Today, leading multinational companies increasingly rely on global leaders to tap worldwide markets that are both distinct and, due to technology, more interconnected than ever.

Global companies can succeed on multiple continents only if they have leaders who understand different regions and cultures, and the tastes and needs of consumers in developed and emerging markets. These leaders possess global competencies, demonstrating cultural agility and the ability to embrace diversity and inclusion in all forms—without borders or bias.

“To thrive in an international environment, you have to check your biases at the door,” said Steven Schiller, president for China and Asia, The Hershey Company, and an American who has spent more than 10 years of his career in Africa, Eastern Europe, and Asia. “That’s not always easy because every country is different. Even if you speak the language, the culture is different. Making that connection is so critical—and it’s also part of the fun of the learning journey.”

Where does such global leadership come from? The answer is, everywhere. This paper will discuss how large, multinational companies, particularly in the consumer sector, gain a competitive advantage by having global leaders who have firsthand knowledge of different countries and cultures, and use those experiences to connect with consumers around the world. Regardless of where they are based, such leaders are globally fluent and culturally dexterous, able to apply knowledge and skills across multiple regions and cultures. They can wake up in Tokyo one morning and fall asleep in Riyadh the next evening—running meetings, negotiating deals, and motivating multicultural teams with fluidity and ease across multiple cultures and contexts. For organizations and their leaders, “cultural agility” is a desired trait, representing an advanced competency required in today’s diverse global business settings. Cross-cultural agility combines cultural knowledge, emotional intelligence, and interpersonal skills that can be adapted to achieve improved business results in any cross-cultural context (Hazard 2012).

Having a culturally diverse, global leadership team—C-suite executives who don’t have “the same color passport”—also makes a powerful statement about an organization’s commitment to identifying and developing such talent at every level. High-potentials in both developed and emerging markets will be far more attracted to multinational companies with diverse leadership teams. Those leaders show there is, indeed, a path to the top for everyone—regardless of his or her point of entry into the company.

Winning in the global marketplace.

Global companies must be relevant everywhere, with cultural awareness and sensitivity in local markets worldwide. This is critical as such companies target fast-growing, emerging markets to offset slowing consumer demand in developed areas. For Coca-Cola CEO Muhtar Kent, for example, “The rate of growth in Africa is higher than that of Western markets and other parts of the world, so it’ll continue to become a larger and larger part of our revenue” (Nurse 2016). PepsiCo Inc. has said it plans to spend \$5.5 billion over six years to expand its Indian operations, as it builds its business in emerging markets (McLain and Esterl 2013).

Global expansion that is locally relevant takes a culturally diverse senior leadership team to establish the norm for a diverse and inclusive corporate culture. Their wide-ranging competencies get put into action as companies engage teams to devise world-wide strategies (e.g., a global marketing strategy). These then are localized to meet demands and tastes in specific markets.

“Leveraging cultural differences—cultural diversity and inclusion, as well as gender diversity—brings significant business advantages,” said Maria Fernanda Mejía, senior vice president and president of Kellogg Latin America. “Companies that successfully do this develop better strategies, develop better leaders, and deliver exceptional business and organizational results.”

Global leadership is a business imperative, helping organizations gain competitive advantages as they sell products in diverse local markets. “It is very important to us to have globally diverse leadership because we are spread across the world—more than 200 brands sold in more than 200 markets,” said Giovanni Giordano, group human resources director of British American Tobacco, a London-based company that ranks in the FTSE 100. “We are a market leader in more than 60 countries. Having globally diverse leadership helps us understand and respond to a highly diverse consumer base.” He added: “Our headquarters has 71 nationalities in the building. Among our executive team members there are eight different nationalities.”

Such broad perspectives and diversity in all forms, among senior leaders and within the wider workforce, also contribute to greater innovation and problem-solving. It moves organizations away from group-thinking to capture an array of perspectives, experiences, and ideas. This allows companies to drive results in new and enhanced ways. By moving beyond diversity to inclusion, they can take advantage of differences among people, becoming better equipped to tap market potential, whether in new or different regions of the world or at home among new audiences. (Tapia and Lange 2016)

Research has demonstrated a correlation between diversity in all forms and financial performance: A McKinsey & Company study found that companies in the top quartile for racial and ethnic diversity were 35% more likely to have financial returns above their respective national industry medians. (Hunt et al 2015) “[Place of] birth and all our life experiences make each of us unique—ethnically, culturally, in gender, and in temperament. That translates into diversity of thinking that’s hard to measure, but clearly contributes to better decision-making,” added Giordano, who is Italian and American by birth and who works for a United Kingdom-based company. “You don’t want group-thinking when you’re looking at new problems. ... If we want to win with consumers, we need to be diverse in our organizational fabric and our employee fabric.”

Global competency helps leaders engage with others in deep dialogues that exceed assumptions rooted in any one specific country, region, or culture. “It really is about perspective—the way people think and the way they learn—that influences the kind of dialogue you’re able to have,” said Schiller, the Hershey executive. “Having a perspective on how business is done in the world can set apart those who are really ‘movers and shakers’ from those who are just good performers. It is a mindset that transcends culture.”

Global leaders also need to master technology to virtually manage diverse teams across regions and cultures. As the expatriate model declines, more emphasis will fall on global leaders who can be located anywhere. They will work virtually with technology and connect to people across borders and time zones. They can drive results and motivate teams in markets worldwide and in regions. This capacity to combine cultural competency and tech savvy bespeaks a 21st-century leader who, by definition, is a global leader and a leader of growth, change, and innovation. (Tapia and Lange 2016)

Figure 1

Korn Ferry research: 21st-century leaders needed today.

Bold text highlights inclusive leaders' behaviors. (Tapia and Lange 2016)



As Figure 1 shows, global leadership is: multifaceted, can operate across boundaries, meet diverse customer needs, and attract global talent. Such leaders enhance their behaviors and abilities with innovative approaches that are open to diverse points of view and change. They inspire and motivate their diverse teams around them in a dynamic environment. They are growth leaders who understand how to reach and serve traditionally underrepresented consumers and clients.

Attracting the Best: Global Talent Strategies

For companies operating across diverse and complex markets, success with worldwide business strategies hinges on global talent strategies. As McKinsey & Company noted, “Winning companies recognize that they need to solve their talent strategy even as they develop their global business strategy” (Dewhurt et al. 2012). As Korn Ferry has found in its work with clients across multiple industries, aligning business and talent strategies drives results. Then, as strategic shifts occur, the alignment between talent and business strategies needs to be recalibrated (Gochman et al. 2015).

As companies expand their global footprint, from developed to emerging markets, they encounter high-potential individuals everywhere who are seeking international careers. To attract and retain these individuals, organizations must have a global talent strategy aligned with their global business strategies. Such strategies must identify talent that not only is a key hire for a country or regional market but that also can enter the global talent pipeline. If high-potentials perceive that their careers top out as a country or regional director, they are unlikely to stay with a multinational firm. Talent pipelines for global enterprises should open opportunities around the world.

“We know that the variable that generates competitive advantage is people,” Giordano of British American Tobacco said. “The best people are diverse in their experiences, characteristics, and skill set. We have to leverage the diverse strengths and talents of the best, which ultimately contribute to having a competitive advantage. To do that, an organization must create the kind of climate and environment that attracts and retains globally diverse people.”

Even when companies follow an expatriate strategy—sending executives from headquarters to overseas markets—they should always recruit and develop local talent. Expatriate executives should seek to “put themselves out of a job,” as overseas operations gain self-sufficiency and foster global growth, Schiller said. “You have to let the autonomy happen, with expatriates and local talent.”

An effective global talent strategy requires commitment and consistency. Those atop the organization must commit to the importance of identifying and developing talent around the world, and creating opportunities (as well as policies and procedures) for moving executives from country to country, region to region, and continent to continent.

At British American Tobacco, this means the organization demonstrates “intentionality,” starting with a top team that is globally diverse and takes diversity seriously as an organizational value and a competitive advantage. Leaders further develop their capacities with these skills and values through “a set of critical experiences” such as international assignments in emerging and developed markets. These experiences “make sure people are well rounded before they take on a senior role across the group,” Giordano said.

Consistency means an organization applies the same talent framework everywhere, in every country or region, with the same goals and values. “In my experience, a very consistent global framework is very important for organizational and talent development,” said Mejía of Kellogg Latin America. “Having done a lot of benchmarking in this area, I can tell you that companies that are successful have a consistent global framework for their people strategies, which is aligned with their business model, as well as the philosophy and culture of the organization they want to create.”

Mejía’s personal experience illustrates the importance of a global talent framework. She aspired early on to an international career. She went on to hold several high-profile positions with consumer companies in North America, Latin America, Asia, and Europe. As the beneficiary of global talent development, Mejía has provided similar experiences to those she has led and developed.

Managing talent globally, Mejía advised, can be achieved with “segmentation”—identifying talent in segments, focusing on assignments matching where people are in their lives and careers, enabling them to gain experiences and expand their skills. In the first group, the talent has the mobility and desire to move anywhere in the world, as well as strong leadership potential and strategic and operating capabilities. High-potentials in this category should be assessed and developed aggressively. They should get accelerated opportunities to gain exposure worldwide and to develop their capability to become global leaders. The second group may not be as mobile now—perhaps for personal or family reasons—but is interested in pursuing a global assignment in the future. To broaden their perspective in the near term, these individuals may lead a global project team virtually, with some business travel to other regions, or take short-term overseas assignments. A third group may be limited in travel but can join a global task force, collaborating with colleagues in different regions on a project or initiative.

“I would challenge every leader to do that—give everyone a broader, global perspective,” Mejía said, adding that such experiences are possible even without needing to relocate many leaders. “Get a diverse group of people to take on the big challenges so that they gain unique perspectives and develop as global leaders.”

Such mandates are not without challenges, particularly in regions where the war for talent is intense. In Asia, and especially China, multinational firms and Chinese enterprises battle for the same talent, which is in short supply and expensive. Organizations also need to understand that they must offer a bridge for those who come from cultures with specific norms that can undermine their effectiveness elsewhere. Talented leaders should not see their futures constrained because their native cultures emphasize indirect speech or a risk-averse group orientation or a rigid hierarchy in relationships and interactions. Such individuals can learn when—and how—to break out of their instilled cultural norms as people in other cultures might. They can get more comfortable with risk, uncertainty, ambiguity, and direct speech. They can become more egalitarian in their values and beliefs. This is an added complexity when developing high-potential talent for worldwide leadership roles. Besides answering challenges, a global talent strategy helps to ensure a robust pipeline of future leaders. Though they may have many options, high-potential talent will be drawn to organizations that offer them opportunities with worldwide horizons.

In identifying and developing such high-potential talent, learning agility is the essential trait, Korn Ferry Hay Group research shows. It encompasses the ability and willingness to take lessons learned and apply them to first-time challenges and situations. Learning agility is a key factor to distinguish between those who are high potential and those who are “high functional/technical professionals.” Identifying learning-agile high potentials will help ensure the development of the global leadership pipeline (Swisher 2015).

Related agilities especially important for identifying high-potential global talent, include:

- **Cross-cultural agility**—the ability to adapt one’s behavior to work with other individuals and cultures. It is crucial in today’s global, mobile, virtual, and dynamic workplace, especially as organizations operate in diverse environments. As Western multinationals seek to win in emerging markets, and as emerging-market multinationals expand globally, these organizations need leaders with the competencies to understand, influence, and motivate across varied cultures (Tapia and Lange 2016).
- **Mental agility** –the capacity to addresses critical thinking skills and the ability to be comfortable with complexity, to examine problems carefully, and to make fresh connections that individuals then make understandable to others.
- **Change agility** –the ability to experiment and deal with the discomfort of change, with a passion for ideas, and a high interest in continuous development.

Conclusion

As companies look to new markets, both developed and emerging, for future growth, they need leaders who possess the cultural agility and global competencies to connect with consumers in markets around the world. These leaders must understand from firsthand experiences and interactions the consumer needs that are universal, as well as those that are specific to a region or country. These insights can only come from openness and flexibility, and from recognizing diversity and inclusion as the keys to unlocking enormous potential.

To develop global leaders, companies must devise and put in force talent strategies that are closely aligned with their business strategies—global in nature, yet localized for greater impact. Those that succeed will cross not only boundaries and borders, they will transcend them.

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The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.