Global Leaders: Selecting the best from the rest

Murray Dalziel

Murray Dalziel is the managing director of the Hay Group's North American Operations. A professional leader in management and organization development, Dalziel holds a Ph.D. in sociology from Harvard University and an M.A. from the University of Edinburgh. He is the co-author of "Competency Based Human Resource Management," which won Book of the Year for European Management. Over the years he has consulted with major corporations including IBM, PepsiCo, Unilever, Mars, National Power, US Army, 20th Century Fox, and Rohm and Haas.

Why do some people succeed on a very high level, while others, who may be equally qualified, are only average in performance? This is a subject that occupies the time and attention of companies, consultants and consulting firms as they strive to identify the best possible candidates for leadership positions.

Management development is founded on one simple question, said Murray Dalziel. "What makes people really successful?" Or, another way to put it, "What separates the best from the rest?"

Dalziel shared with the Forum the Hay Group's study of the global CEO and the characteristics of effective leaders. The study, which is ongoing, took Dalziel and his consultants into companies around the globe, where "we had peers identify people who were really outstanding and tried to find out what sets these people apart."

Patterns and themes

There is no single profile of a leader, no one style or set of competencies that fits all. There are, however, predictable patterns that can be used to measure leadership effectiveness. These patterns are based on three critical themes:

• How leaders set the agenda.
• How they take others with them.
• How they present themselves.

"If you can solve these three issues," said Dalziel, "then you've got it made as a leader." But, he added, there are a variety of ways -- as well as competencies -- that can be brought to bear on these issues.

"We try to understand what people actually do that seems to make a difference," said Dalziel, adding that frequency is an issue. "How often do people who do these things, use these things?"

In assessing successful executives, "industry know-how is less important than having the characteristics of a leader. Once you've identified some of the basic characteristics, you can buy the know-how."

Not all characteristics are immediately apparent. Dalziel said it is important to look at what goes on beneath the surface, to uncover what motivates the person. "A visionary or inspirational leader has to have an underlying desire to want to influence people and situations."

Admiral Rickover was an inspirational leader, said a member of the Forum. And even though Rickover was abusive and nasty, "he was the best boss I ever had!"
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What made Rickover an inspirational leader was his belief in his mission and his ability to get others to buy into his vision. "He convinced every one of us that we were engaged in the most important crusade in the 20th century, which was to take the United States out of oil and into nuclear power."

Motivation plays a key role in leadership dynamics, but it is a hidden characteristic that is often difficult to identify. Successful leaders today are motivated by a reasonable desire to influence, concern about relationships, and a moderate concern about doing things well.

"Motivation is the issue that differentiates small start-ups from large start-ups," said Dalziel. "The things that are satisfying in small start-ups are not the things that are satisfying in large organizations.

"Self-confidence showed itself in two ways. At one level it was the ability to 'smell a rat' and pull the plug on a deal even when due diligence has indicated there is a possibility of success. You may have an insight into the culture, into what is behind the numbers, but you just are not comfortable and so you pull the plug. This is not procrastination or risk aversion, it is merely being able to take a tough stand, to have the courage of your convictions.

"On the other hand, leaders in our study were able to act when they had only the trends and not the full information. Colin Powell, Army Chief of Staff Ret., says that a leader should be able to act when he/she has 70 percent of the available data. Self confidence here is not hubris, but rather the ability to put oneself on the line."

Some competencies score higher than others in differentiating the standard for leaders (see sidebar below). Achievement orientation, and impact and influence appear about two thirds of the time in the Hay Group's studies.

The competencies that are important "will depend on the company structure and the strategic situation at that particular time," said Dalziel.

**Global situations**

The way some of these competencies get applied in global situations results from how people think about authority, business relationships, and where leaders get their basis for action.

"The intellectual competencies and the competencies of how you drive your agenda don't vary by culture. It's more about how the people in that culture think," said Dalziel.

In different cultures people think of business relationships in different ways. Anglo-Saxons are big on contractual relationships and participatory leadership. "It's not who you are as a person necessarily, it's what you can produce that's most important. You'll put up with a lot to get the deal done." Participatory leadership does not pertain to democracy; it means that your basis for leadership is managing through others.

In many other cultures - Asia and South America, for example - personal relationships and centralized authority are the norm. Your basis for leadership is who you are and the authority that you command.
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"Chinese managers are somewhat schizophrenic on this issue," said Dalziel. "They are concerned about people's long-term development, but they demand instant compliance. They can be very coercive. It works in one environment but may not translate to another.

"Some U.S. companies believe that there is nothing that Asians can do wrong. But they fail to recognize that even within Asian cultures there are differences."

Central Europeans focus on the plans: Americans on the implementation, the action. Dalziel told of a French company in which the French chairman and the American CEO had a parting of the ways, mostly because they couldn't resolve this difference. The French chairman wanted to find someone who fit the plan; the American CEO wanted to find someone to fix it.

Flexibility and culture

A rigid personality will not work in global situations. "One of the issues to look for in this set of competencies is how flexible the person is over time. Being able to modify your moral being is one of the signs of a leader."

A successful leader will modify his/her style to match the culture of the country. So if he is in China, he will act like an Asian manager, setting the direction for the company. In Westernized countries, she will act more like an American manager, seeking input from those under her.

"For global assignments, it is important that the leader has a strong self-concept about what his role is in that culture, especially if that culture is new to the person."

Global executives need to forget what they've been taught about being personally impactful and learn to think strategically about the hierarchy of things, in terms of alliances and influencing people.

Ex-pats or locals?

Who makes better managers of international branch operations, ex-patriots or people from the local area?

Both have to be judged on the basis of their global smarts, adaptability and cultural knowledge, said Dalziel, adding that the question of ex-pats is a policy issue that needs careful examination.

A corporate policy is needed on two different levels: One for opening up new territories, new products, new brands; another for developing international managers. "And these two things are connected."

Choosing only ex-pats as managers, or only locals, has some serious drawbacks. You need a policy for how you handle international managers. And you need to imagine how the managers would behave in different situations.

"The strength of the organizational culture relative to the culture in the particular geography has an effect on the organization's ability to easily transfer people from one place to another. Some organizations have helped people develop global smarts by cleverly utilizing their matrix organization."
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"You can put someone in charge of a function that crosses many geographies, or you can put someone in charge of a geography that contains many functions. Either way you have to deal with diversity. And it is not about insight alone, but the ability to act differently, not just to think differently."

The Hay Group continues to do research on the many facets of leadership. Said Dalziel, "Organizations are changing quite rapidly and some of the fundamental competencies are changing. The things that would be more or less satisfying as a leader are changing more dramatically and that will shape future organizations as much as anything else."

Different leaders, different ways

Being able to develop leaders is not a simple matter, "because outstanding leaders get to places in different ways," said Dalziel. To illustrate this point, he told the story of Mary and Joan, two CEOs in a global situation. They both have MBAs from very good schools, and they both work for large international consumer companies.

Mary is general manager and CEO of her company’s Czech and Slovak operations. Her initial impact in that market is quite fast. Recognizing an opportunity, she immediately does a deal with a dairy to have her company brand put on milk cartons and bottles. This has never been done in Prague.

"I call that initiative; it's about taking the opportunity. It's opportunism and getting it going. That's how she sets the agenda. She's also very energetic and good at building teams."

Joan, as CEO of a big international retailer, starts to focus on the fragrance department, which has lower margins than other departments. Traditionally, department stores merchandise fragrances behind counters, with expensive sales people waiting on customers. But Joan questions the wisdom of this. She asks: If fragrances were put in the center, where people could pick and choose, would the results be better? The test market tried it, and it revolutionized the way fragrances are sold in this particular retail channel.
"I class that as conceptual thinking; asking why, thinking outside the box and turning it around. That's how she sets the agenda. It's quite different from just grabbing the opportunity.

“She's also good at having influential strategies - being able to convince the merchandisers who have never done it this way.”

What would happen if Mary and Joan changed places? "It would depend. I think you would get a different result."