

GLOBAL SKILLS UPDATE

Issue 035



Global Leadership Competencies: "Building a Third Way"

The current economic environment requires a set of global leadership competencies that were not as critical even a decade ago. Whether one is leading an entire organization, a business unit, a geographically dispersed team, a technology transfer project, or a functional group with diverse team members, the ability to work effectively across cultural and national boundaries is increasingly essential to leadership success. Among the competencies that we find and cultivate in our work with global leaders is what we call "Building a Third Way."

WHAT IS DIFFERENT ABOUT GLOBAL LEADERSHIP?

People often ask what it is about global leadership that is different from leadership in a domestic environment. Although many of the tasks that leaders face are common to any setting, global or domestic, there are a number of factors that make global leadership particularly challenging. These include:

- Geographical distance
- Time zones in multiple continents
- Virtual relationships
- Language barriers
- Different historical contexts
- Distinctive cultural values and patterns of action that are embedded in a variety of institutions (educational, legal, political, religious) as well as in common business practices

While a leader in any context will need to set a direction for his or her group and align human resources and capital, the need to work across physical and cultural boundaries can make this common leadership challenge much more demanding.

WHAT DO EXPATRIATES LEARN ON ASSIGNMENT?

In shaping our own version of global leadership competencies at MeridianEaton Global, we have taken our cue in part from decades of work with expatriates before, during, and after their assignments abroad. These expatriates report a variety of experiences, both positive and not so positive, as they learn about and adjust to unfamiliar settings. On the more difficult end of the spectrum, there will probably be some degree of embarrassment, discomfort, and even failure. Expatriates commonly discover that standard assumptions and ways of getting things done that brought them success in previous jobs may or may not apply to their new role. This "fish out of water" experience, although painful, can also be the stimulus for new personal and professional growth as a leader.

TAPPING THE POWER OF THE BLEND THROUGH MERIDIANEATON'S PRACTICE GROUPS

As companies recognize that a truly global mindset will increase performance across their global operations, MeridianEaton has responded by forming five Practice Groups. [Read more](#) about our approach and practice groups here.

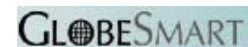
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WORKING

GLOBESMART is an easy-to-read handbook for global managers authored by MeridianEaton's co-founder, Ernie Gundling. Each stand-alone chapter provides readers with informative case studies and practical guidelines that can be applied immediately.



An expatriate who has mastered a job in a very different business setting is often able to move into another leadership position, at home or abroad, with significantly enhanced capabilities. For instance, we find that people who have completed a successful expatriate assignment:

- Have a better sense of perspective regarding their personal strengths and weaknesses as well as those of their organization
- Can look at strategy from more angles and find blind spots; can analyze a problem from different viewpoints
- Ask more insightful questions
- Are accustomed to not knowing everything and able to handle the uncertainty and ambiguity that characterizes changing market environments
- Are less sure they have the right answer but more confident they can find it through a network of relationships founded on mutual trust and respect
- Connect better with various kinds of people while leveraging diverse contributions

Expatriates have various experiences when they return home, depending upon their own efforts and the degree to which their employers value what they have learned. These experiences range from running key businesses with significant global growth prospects to being sidelined in a domestic job that does not utilize the knowledge and skills they have acquired abroad. However, when the more positive examples are analyzed for the fresh leadership competencies that are a common outcome of working and living abroad, the following five elements regularly emerge:

1. **Frame-Shifting:** Combining self-awareness with the ability to identify practical similarities and differences in comparison with others; seeking out new and unexpected information and balancing it with more familiar assumptions.
2. **Cross-Border Relationships:** Achieving goals through building and working with a strong network of personal relationships.
3. **Developing Future Leaders:** Spreading global competencies by cultivating leaders who will teach and inspire others.
4. **Inclusive Vision:** Creating a vision with both global and local appeal; engaging employees in a manner that makes them feel they can make a meaningful contribution regardless of their location.
5. **Building a Third Way:** Integrating the contributions of diverse participants to create and implement effective strategies, including entirely new elements.

The last competency, Building a Third Way, is particularly important because it tends to produce some of the most productive and inspirational results.



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BUILDING A THIRD WAY: PROCESS

Building a Third Way is particularly vital for tasks that require diverse groups of people to share their collective knowledge and experience. In a cross-border merger, a joint venture, or a collaborative effort between team members located in several countries, participants naturally bring with them different and possibly contradictory expectations and practices for their work together. When these expectations remain implicit and each side energetically advocates its own position, the result is frequently a breakdown of trust, mutual frustration, and ongoing friction that exerts a drag effect on overall performance, making it much harder to achieve results together.

However, even in cases where the outcome is predetermined, such as the rollout of a standard global IT package or financial reporting tools, there may be latitude regarding the "how" — that is, the process through which a standard is determined or the manner of implementation in each location. Considerable value can be gleaned when participants take a step back from the "horns locked" position of mutual confrontation between headquarters and subsidiary or between team members representing different locations or customer needs. Here is a set of recommendations for people in a leadership role who want to bring the quality of discussion and performance to a different level:

1. **Consciously position yourself as a "catalyst"** for fresh ideas rather than an advocate.
2. **Set aside your original point of view** while considering whether the assumptions behind your thinking are valid in this business setting.
3. **Draw out participants** with relevant experience and information, including those from other cultures.
4. **Ask questions that deepen the discussion** and take it to a new level of mutual discovery.
5. **Inquire** about underlying intent, purpose, or assumptions.
6. **Build trust & respect** on a personal basis through demonstrating real interest and providing genuine responses.
7. **Offer "insights"** versus opinions.
8. **Outline and explore possible options** together that incorporate the collective thinking of diverse group members.
9. **Cultivate an experimental approach**, with freedom and anticipation about trying new things.
10. **Build confidence in what will emerge** from honest dialogue between peers and a shared focus on finding the best solution.

Leaders with experience abroad tend to practice such "catalyst" skills more readily because they have already experienced situations where their own answers were rejected; they have learned through necessity how to produce positive results by means other than vigorous advocacy. This skill set can of course be quite useful in domestic settings as well, especially when there are diverse participants and very different points of view. It is certainly possible for those who have not been expatriates to acquire these behaviors through methods such as trial and error, conscious experimentation, or training and

coaching. Yet the "fish out of water" experience that most expatriates encounter conveys these learnings in a deep and memorable way.

BUILDING A THIRD WAY: SOLUTIONS

In any Third Way discussion it is advisable to consider a variety of possible solutions. When there is sufficient trust and willingness to share knowledge in all directions, possible alternatives can range from a completely standard worldwide solution determined at headquarters to one that is adopted from a successful subsidiary operation based on its merit for the organization as a whole. Between or beyond these extremes lies another possibility which is often the most exciting of all, the truly new solution that is born through the shared contributions of participants.



Over the years writers in the cross-cultural field have put forward concepts such as "cultural synergy" or "dilemma reconciliation."¹ However, such approaches tend to assume that culture plays a center stage role, and they follow a pattern of identifying and integrating two opposing viewpoints that is not always suited to the multi-faceted issues and perspectives in a global workplace. In our own work we have found it is best to take a broad, practical approach that can be utilized where culture is one factor in a complex mix, and dilemmas may have more than two horns.

When the participants in a discussion practice the process steps outlined above, Third Way Solutions tend to emerge that contain genuinely fresh elements as well as the integration of previous ideas. These solutions are discovered jointly, with tangible enthusiasm and a strong sense of ownership. Participants describe the results of their joint efforts as:

1. Different from what anyone came in with;
2. Something none of us could have created on our own that was only possible through a variety of diverse contributions;
3. We can't remember whose idea it was; it came from all of us;
4. Not a blend, a combination, or a reconciliation but something entirely new;
5. A better solution for our organization and its customers.

THIRD WAY EXAMPLES

The top management team of a firm considering the potential acquisition of a Chinese company in the same industry was engaged in a heated debate, with strong emotions on all sides about possible costs or benefits to their business and its customers. They finally took a step back from their opposing positions and created together a list of shared questions about the possible merits or pitfalls of the acquisition. They also agreed upon the members of a due diligence team, based on general recognition of the China background and professional expertise of these individuals. Everyone then agreed to act upon the recommendations of the due diligence team after it had investigated the common list of questions.

In another case, a company doing business in India found that it was facing increasing local competition and downward price pressure for its services. Options included competing on price with expanding local competitors at the low end of the market; offering similar services at a higher price and competing on quality; retreating to the high end of the market and serving only high end customers with specialized services; or, withdrawing from the market altogether. After considerable discussion and debate, one key decision was to undercut local competitors on price and to compete for the mass market based upon the application of a new technology, thereby changing the basis of competition.

Both of these examples involved a mixture of very different personalities, communication styles, cultural patterns, and professional viewpoints. The application of a Third Way Process led to Third Way Solutions with elements that none of the participants had considered before they began their discussions. What they all found most compelling and mutually binding in retrospect was the spark of something new that was ignited through their interactions. Leaders who learn how to become the catalyst for a Third Way will be able to define and drive a superior level of global performance.

¹ See, for example, Adler, Nancy, *International Dimensions of Organizational Behavior*, Chapter 4, on the subject of cultural synergy, or Trompenaars, Fons, *Riding the Waves of Culture: Understanding Diversity in Global Business*, Chapter 13, on reconciling cultural dilemmas.

We would like to gratefully acknowledge the encouragement and coaching of **George Renwick** in helping us to integrate the combined MeridianEaton Global organization, as well as his contributions to our thinking about how to build Third Way solutions.

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