Ten Steps to a Global Human Resources Strategy

Creating an effective global work force means knowing when to use "expats," when to hire "locals" and how to create that new class of employees – the "glopats."

By John A. Quelch and Helen Bloom

THE SCARCITY OF qualified managers has become a major constraint on the speed with which multinational companies can expand their international sales. The growth of the knowledge-based society, along with the pressures of opening up emerging markets, has led cutting-edge global companies to recognize now more than ever that human resources and intellectual capital are as significant as financial assets in building sustainable competitive advantage. To follow their lead, chief executives in other multinational companies will have to bridge the yawning chasm between their companies' human resources rhetoric and reality. H.R. must now be given a prominent seat in the boardroom.

Good H.R. management in a multinational company comes down to getting the right people in the right jobs in the right places at the right times and at the right cost. These international managers must then be meshed into a cohesive network in which they quickly identify and leverage good ideas worldwide.

Such an integrated network depends on executive continuity. This in turn requires career management to insure that internal qualified executives are readily available when vacancies occur around the world and that good managers do not jump ship

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because they have not been recognized.

Very few companies come close to achieving this. Most multinational companies do not have the leadership capital they need to perform effectively in all their markets around the world. One reason is the lack of managerial mobility. Neither companies nor individuals have come to terms with the role that managerial mobility now has to play in marrying business strategy with H.R. strategy and in insuring that careers are developed for both profitability and employability.

Ethnocentricity is another reason. In most multinationals, H.R. development policies have tended to concentrate on nationals of the headquarters country. Only the brightest local stars were given the career management skills and overseas assignments necessary to develop an international mindset.

The chief executives of many United States-based multinational companies lack confidence in the ability of their H.R. functions to screen, review and develop candidates for the most important posts across the globe. This is not surprising: H.R. directors rarely have extensive overseas experience and their managers often lack business knowledge. Also, most H.R. directors do not have adequate information about the brightest candidates coming through the ranks of the overseas subsidiaries. "H.R. managers also frequently lack a true commitment to the value of the multinational company experience," notes Brian Brooks, group director of human resources for the global advertising company WPP Group Plc.

The consequent lack of worldwise multicultural managerial talent is now biting into companies' bottom lines through high staff turnover, high training costs, stagnant market shares, failed joint ventures and mergers and the high opportunity costs that inevitably follow bad management selections around the globe.

Companies new to the global scene quickly discover that finding savvy, trustworthy managers for their overseas markets is one of their biggest challenges. This holds true for companies across the technology spectrum, from software manufacturers to textile companies that have to manage a global supply chain. The pressure is on these newly globalizing companies to cut the trial-and-error time in building a cadre of global managers in order to shorten the leads of their larger, established competitors, but they are stymied as to how to do it.

The solution for multinationals is to find a way to emulate companies that have decades of experience in recruiting, training and retaining good employees across the globe. Many of these multinational companies are European, but not all. Both Unilever and the International Business Machines Corporation, for example, leverage their worldwide H.R. function as a source of competitive advantage.

Anglo-Dutch Unilever has long set a high priority on human resources. H.R. has a seat on the board's executive committee and an organization that focuses on developing in-house talent and hot-housing future leaders in all markets. The result is that 95 percent of Unilever's top 300 managers are fully homegrown.

Illustrations by Bryan Peterson

EXHIBIT I: THE PROS AND CONS OF USING EXPATRIATES

The advantages of appointing a national of the headquarters country in an overseas post are that the expat:

1. *Knows the company's products and culture*
2. *Relates easily and efficiently to corporate headquarters: speaks the verbal and cultural language*
3. *Has technical or business skills not available locally.*
4. *May have special transferable capabilities (for example, opening operations in emerging markets).*
5. *Will protect and promote the interests of headquarters in international joint ventures and acquisitions and other situations requiring tight financial control.*
6. *Is unlikely to steal proprietary knowledge and set up competing businesses.*
7. *Does not put the country ahead of the company (unless he or she "goes native").*
8. *Fits the company's need to develop future leaders and general managers with international experience.*

The disadvantages of appointing an expat include:

1. *High costs — covering relocation, housing, education, hardship allowance — often exceeding 200 percent of the home-country base.*
2. *Blackouts: 25 percent of expats have to be called home early.*
3. *Brownouts: another 30 percent to 50 percent stay but underperform, leading to lost sales, low staff morale and a decline in local good will.*
4. *Prolonged start-up and wind-down time: in a typical three-year assignment, the first year is spent unpacking and the third year is spent packing and positioning for the next move.*
5. *A shortsighted focus: Expats with a three-year assignment tend to focus on the next career rather than on building the local company.*
6. *Difficulty in finding experienced managers willing to move because of spouse's career, child's schooling or life-style and security concerns (for example, in Middle Eastern countries).*
7. *Expat's concern about negative out-of-sight, out-of-mind impact on career development.*
8. *Re-entry problems: a high percentage of expats leave their companies after overseas assignments because jobs with similar breadth of responsibility are either not available or not offered.*
9. *Diversion of senior managers to overseas markets is difficult, especially for smaller companies that do not yet have a lock on their domestic markets.*

Source: John A. Quelch and Helen Bloom

Internationalization is bred into its managers through job content as well as overseas assignments. Since 19 Unilever has redefined 75 percen its managerial posts as "internati al" and doubled its number of m agers assigned abroad, its expa ates, or "expats."

I.B.M., with 80 years' experie in overseas markets, reversed its H policy in 1995 to deal with the r global gestalt and a new busin strategy. Instead of cutting jc abroad to reduce costs, I.B.M. is nc focusing on its customers' needs a increasing overseas assignmen "We are a growing service busine — our people are what our cu tomers are buying from us," ex plained Eileen Major, director of in ternational mobility at I.B.M.

When managers sign on with these companies, they know from the start that overseas assignments are part of the deal if they wish to climb high on the corporate ladder. These multinational companies manage their H.R. talent through international databases that, within hours, can provide a choice of Grade-A in-house candidates for any assignment. Even allowing for company size, few United States-based multinationals come close to matching the bench strength of a Unilever or Nestlé. The Japanese multinationals are even farther behind.

This article outlines a global H.R. action agenda based on the approaches used by leading multinational companies. The goal is to build sustainable competitive advantage by attracting and developing the best managerial talent in each of your company's markets.

The strategy demands global H.R. leadership with standard systems but local adaptation. The key underlying ideas are to satisfy your company's global human resources needs via feeder mechanisms at regional, national and local levels, and to leverage your current assets to the fullest extent by actively engaging people in developing their own careers.

Implementing these ideas can be broken down into 10 steps. By taking these steps, a company should be able to put into place an effective global human resources program within three to four years.

1. Break all the "local national" glass ceilings

The first, and perhaps most fundamental, step toward building a global

H.R. program is to end all favoritism toward managers who are nationals of the country in which the company is based. Companies tend to consider nationals of their headquarters country as potential expatriates and to regard everyone else as "local nationals." But in today's global markets, such "us-versus-them" distinctions can put companies at a clear disadvantage, and there are strong reasons to discard them:

- Ethnocentric companies tend to be xenophobic — they put the most confidence in nationals of their headquarters country. This is why more nationals get the juicy assignments, climb the ranks and wind up sitting on the board — and why the company ends up with a skewed perception of the world. Relatively few multinational companies have more than token representation on their boards. A.B.B. is one company that recognizes the danger and now considers it a priority to move more executives from emerging countries in eastern Europe and Asia into the higher levels of the company.
- Big distinctions can be found between expatriate and local national pay, benefits and bonuses, and these differences send loud signals to the brightest local nationals to learn as much as they can and move on.
- Less effort is put into recruiting top-notch young people in overseas markets than in the headquarters country. This leaves fast-growing developing markets with shallow bench strength.

EXHIBIT II: PROS AND CONS OF USING LOCAL NATIONALS

The advantages of appointing nationals of the country in which your company subsidiary is located to manage the unit are that the local nationals:

1. *Are cheaper.*
2. *Have the language and country culture in their blood.*
3. *Know local market customs, and can better adapt the marketing mix, spot emerging trends and anticipate implementation problems.*
4. *Comprehend how to motivate other local national staff.*
5. *Enable the multinational company to project a local company image.*
6. *Have no trailing spouse or educational issues.*
7. *Are increasingly more available and qualified because of advances in management education, foreign study programs and the establishment of business schools in emerging markets.*
8. *Increasingly know English, the worldwide business lingua franca. The number of Chinese currently learning English is higher than the entire British population.*
9. *Are generally highly educated, especially the candidates in many former Communist countries, and often prove to be quick studies of entrepreneurial as well as technical skills.*

The disadvantages of appointing local nationals include:

1. *The demand for qualified local nationals outstrips supply, especially in fast-growing emerging markets.*
2. *It takes too much time to bring local nationals up to speed on highly technical product lines with short life cycles.*
3. *In some businesses, globalization is homogenizing customer requirements across markets.*
4. *Local nationals lack a personal network at corporate headquarters, so they have difficulty obtaining timely responses. (This is especially true for non-Japanese local nationals in Japanese multinational companies.)*
5. *Government leaders often doubt that local nationals have high-level access at corporate headquarters and thus would rather deal with expats.*
6. *The social origins and family background of a local national will bear upon his or her effectiveness more than those of an expat.*
7. *Some local nationals feel obliged to be advocates for their countries as well as their companies. When push comes to shove, headquarters may not know where their true loyalties lie.*
8. *Local nationals hesitate to pull the plug on local joint ventures turning sour because they probably will have to live with the local partners and their executives afterward.*
9. *Local nationals often have less international and/or varied experience than expats, so they may have narrower vision and less to offer when mentoring subordinates.*

Source: John A. Quelch and Helen Bloom

- Insufficient attention and budget are devoted to assessing, training and developing the careers of valuable local nationals already on the company payroll.

Conventional wisdom has defined a lot of the pros and cons of using expatriates versus local nationals. (See Exhibits I and II). But in an increasingly global environment, cultural sensitivity and cumulative skills are what count. And these come with an individual, not a nationality.

After all, what exactly is a "local national"? Someone who was born in the country? Has a parent or a spouse born there? Was educated there? Speaks the language(s)? Worked there for a while? All employees are local nationals of at least one country, but often they can claim a connection with several. More frequent international travel, population mobility and cross-border university education are increasing the pool of available hybrid local nationals. Every country-connection a person has is a potential advantage for the individual and the company. So it is in a multinational company's interests to expand the definition of the term "local national" rather than restrict it.

2. Trace your lifeline

Based on your company's business strategy, identify the activities that are essential to achieving success around the world and specify the positions that hold responsibility for performing them. These positions represent the "lifeline" of your company. Typically, they account for about 10 percent of management.

Then define the technical, functional and soft skills needed for success in each "lifeline" role. As Ms. Major of I.B.M. notes, "It is important to understand what people need to develop as executives. They can be savvy functionally and internationally, but they also have to be savvy inside the organization."

This second step requires integrated teams of business and H.R. specialists working with line managers. Over time, they should extend the skills descriptions to cover all of the company's executive posts. It took 18 months for I.B.M. to roll out its worldwide skills management process to more than 100,000 people in manufacturing and development.

A good starting point is with posts carrying the same title around the globe, but local circumstances need to be taken into account. Chief financial officers in Latin American and eastern European subsidiaries, for example, should know how to deal with volatile exchange rates and high inflation. Unilever circulates skills profiles for most of its posts, but expects managers to adapt them to meet local needs.

Compiling these descriptions is a major undertaking, and they will not be perfect because job descriptions are subject to continuous change in today's markets and because perfect matches of candidates with job descriptions are unlikely to be found. But they are an essential building block to a global H.R. policy because they establish common standards.

The lifeline and role descriptions should be revisited at least annually to ensure they express the business strategy. Many companies recognize the need to review the impact of strategy and marketplace changes on high-technology and R&D roles but overlook the fact that managerial jobs are also redrawn by market pressures. The roles involved in running an emerging market operation, for example, expand as the company builds its investment and sales base. At I.B.M., skills teams update their role descriptions every six months to keep pace with the markets and to inform senior managers which skills are "hot" and which the company has in good supply.

3. Build a global database to know who and where your talent is

The main tool of a global H.R. policy has to be a global database simply because multinational companies now have many more strategic posts scattered around the globe and must monitor the career development of many more managers. Although some multinational companies have been compiling worldwide H.R. databases over the past decade, these still tend to concentrate on posts at the top of the organization, neglecting the middle managers in the country markets and potential stars coming through the ranks.

I.B.M. has compiled a database of senior managers for 20 years, into which it feeds names of promising middle managers, tracking them all with annual reviews. But it made the base worldwide only 10 years ago. Now the company is building another global database that will cover 40,000 competencies and include all employees worldwide who can deliver those skills or be groomed to do so. I.B.M. plans to link the two databases by 2000.

Unilever has practiced a broader sweep for the past 40 years. It has five talent "pools" stretching from individual companies (e.g., Good Humor Breyers Ice Cream in the United States and Walls Ice Cream in Britain) to foreign subsidiaries (e.g., Unilever United States Inc. and Unilever U.K. Holdings Ltd.) to global corporate headquarters. From day one, new executive trainees are given targets for personal development. Those who show the potential to move up significantly are quickly earmarked for the "Development" list, where their progress through the pools — company, national, business group and/or region, global, executive committee — is guided not only by their direct bosses but by managers up to three levels above. "We want bigger yardsticks to be applied to these people and we don't want their direct bosses to hang on to them," explains Herwig Kressler, Unilever's head of remuneration and industrial relations. To make sure the company is growing the general management talent it will need, the global H.R. director's strategic arm reaches into the career moves of the third pool — those serving in a group or region — to engineer appointments across divisions and regions.

To build this type of global H.R. database, you should begin with the Step 2 role descriptions and a series of personal-profile templates that ask questions that go beyond each manager's curriculum vitae to determine cultural ties, language skills, countries visited, hobbies and interests. For overseas assignments, H.R. directors correctly consider such soft skills and cultural adaptability to be as important as functional skills. The fact that overseas appointments are often made based largely on functional skills is one reason so many of them fail.[1]

4. Construct a mobility pyramid

Evaluate your managers in terms of their willingness to move to new locations as well as their ability and experience. Most H.R. departments look at mobility in black-or-white terms: "movable" or "not movable." But in today's global markets this concept should be viewed as a graduated scale and constantly re-assessed because of changing circumstances in managers' lives and company opportunities. This will encourage many more managers to opt for overseas assignments and open the thinking of line and H.R. managers to different ways to use available in-house talent.

Some multinational companies, for example, have been developing a new type of manager whom we term "glopats": executives who are used as business-builders and troubleshooters in short or medium-length assignments in different markets. Other multinational companies are exploring the geographical elasticity of their local nationals.

Consider the five-level mobility pyramid in Exhibit III. To encourage managerial mobility, each personal profile in your database should have a field where managers and functional experts assess where and for

EXHIBIT III
THE MOBILITY PYRAMID

Source: John A. Quelch and Helen Bloom

[1] Kevin Barham and Marion Devine, "The Quest for the International Manager: A Survey of Global Human Resource Strategies" (Economist Intelligence Unit, 1991).

what purposes they would move. When jobs or projects open, the company can quickly determine who is able and willing to take them.

Managers can move up and down a mobility pyramid at various stages of their career, often depending on their family and other commitments. Young single people or divorced managers, for example, may be able and eager to sign up for the glopat role but want to drop to a lower level of the pyramid if they wish to start or restart a family life. Or seasoned senior managers may feel ready to rise above the regional level only when their children enter college.

I.B.M. uses its global H.R. database increasingly for international projects. In preparing a proposal for a German car manufacturer, for instance, it pulled together a team of experts with automotive experience in the client's major and new markets. To reduce costs for its overseas assignments, I.B.M. has introduced geographic "filters": a line manager signals the need for outside skills to one of I.B.M.'s 400 resource coordinators, who aims to respond in 72 hours; the coordinator then searches the global skills database for a match, filtering the request through a series of ever-widening geographic circles. Preference is often given to the suitable candidate who is geographically closest to the assignment. The line manager then negotiates with that employee's boss or team for the employee's availability.

The shape of a company's mobility pyramid will depend on its businesses, markets and development stage and will evolve as the company grows. A mature multinational food-processing company with decentralized operations, for example, might find a flat pyramid adequate, whereas a multinational company in a fast-moving, high-technology business might need a steeper pyramid with proportionately more glopats.

5. Identify your leadership capital

Build a database of your company's mix of managerial skills by persuading people to describe the information in their c.v.'s, their management talents and their potential on standard personal-profile templates. Jump-start the process by having your senior managers and those in the lifeline posts complete the forms first. Add others worldwide with the potential to move up. Include functional specialists who show general management potential.

Require over time that every executive join the global H.R. system. This makes it harder for uncut diamonds to be hidden by their local bosses. Recognizing that people's situations and career preferences shift over time, hold all managers and technical experts responsible for updating their c.v.'s and reviewing their personal profiles at least once a year.

Companies should make it clear that individual inputs to the system are voluntary but that H.R. and line managers nevertheless will be using the data to plan promotions and international assignments and to assess training needs. Be mindful of the personal privacy provisions in the European Union's new Data Protection directive and similar regulations forthcoming in Japan that basically require employee consent to gather or circulate any personal information.

6. Assess your bench strength and skills gap

Ask each executive to compare his or her skills and characteristics with the ideal requirements defined for the executive's current post and preferred next post. Invite each to propose ways to close any personal skills gaps — for example, through in-house training, mentoring, outside courses or participation in cross-border task forces.

Compare the skills detailed in the personal assessments with those required by your business strategy. This information should form the basis for your management development and training programs and show whether you have time to prepare internal candidates for new job descriptions.

Unilever uses a nine-point competency framework for its senior managers. It then holds the information in private databases that serve as feeder information for its five talent pools. The company thoroughly reviews the five pools every two years and skims them in between, always using a three- to five-year perspective. In 1990, for example, its ice cream division had a strategic plan to move into 30 new countries within seven years. Unilever began hiring in its current markets with that in mind and set up a mobile "ice cream academy" to communicate the necessary technical skills.

I.B.M. applies its competency framework to a much broader personnel base and conducts its skills gap analyses every six months. Business strategists in every strategic business unit define a plan for each market and, working with H.R. specialists, determine the skills required to succeed in it. Competencies are graded against five proficiency levels.

Managers and functional experts are responsible for checking into the database to compare their capabilities against the relevant skills profiles and to determine whether they need additional training. Their assessments are reviewed, discussed and validated by each executive's boss, and then put into the database. "Through the database, we get a business view of what we need versus what we have," explains Rick Weiss, director of skills at I.B.M. "Once the gaps are identified, the question for H.R. is whether there is time to develop the necessary people or whether they have to be headhunted from the outside."

7. Recruit regularly

Search for new recruits in every important local market as regularly as you do in the headquarters country. Develop a reputation as "the company to join" among graduates of the best universities, as Citibank has in India, for example.

The best way to attract stellar local national recruits is to demonstrate how far up the organization they can climb. Although many Fortune 500 companies in the United States derive 50 percent or more of their revenues from non-domestic sales, only 15 percent of their senior posts are held by non-Americans.

There may be nothing to stop a local national from reaching the top, but the executive suite inevitably reflects where a company was recruiting 30 years earlier. Even today, many multinational companies recruit disproportionately more people in their largest — often their longest-established — markets, thereby perpetuating the status quo.

To counter such imbalances, a multinational company must stress recruitment in emerging markets and, when possible, hire local nationals from these markets for the middle as well as the lower rungs of its career ladder. Philips Electronics N.V., for example, gives each country subsidiary a target number of people to bring through the ranks for international experience. Some go on to lengthy international careers; others return to home base, where they then command more respect, both in the business and with government officials, as a result of their international assignments.

8. Advertise your posts internally

Run your own global labor market. In a large company, it is hard to keep track of the best candidates. For this reason, I.B.M. now advertises many of its posts on its worldwide Intranet. Unilever usually advertises only posts in the lower two pools, but this policy varies by country and by business unit.

Routine internal advertising has many advantages in that it:

- Allows a competitive internal job market to function across nationalities, genders and other categories.

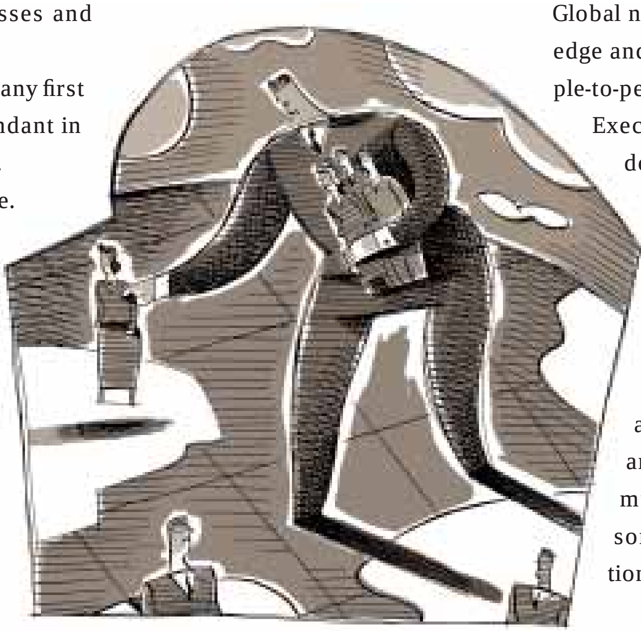
- Shows ambitious people they can make their future in the company.
- Makes it harder for bosses to hide their leading lights.
- Attracts high-flyers who may be ready to jump ship.
- Helps to break down business-unit and divisional baronies.
- Reduces inbreeding by transferring managers across businesses and divisions.
- Gives the rest of the company first pick of talent made redundant in another part of the world.
- Solidifies company culture.
- Is consistent with giving employees responsibility to manage their own careers.

There are also certain disadvantages to this practice: Line managers have to fill the shoes of those who move; a central arbiter may need to settle disputes between departments and divisions, and applicants not chosen might decide to leave. To prevent that, disappointed applicants should automatically be routed through the career development office to discuss how their skills and performance mesh with their ambitions.

I.B.M. used to hire only from the inside, but five years ago it began to recruit outsiders — including those from other industries — to broaden thinking and add objectivity. Unilever is large enough that it can garner a short list of three to five internal candidates for any post. Yet it still fills 15 percent to 20 percent of managerial jobs from outside because of the need for specialist skills and because of the decreasing ability to plan where future growth opportunities will occur.

9. Institute succession planning

Every manager in a lifeline job should be required to nominate up to three candidates who could take over that post in the next week, in three months or within a year, and their bosses should sign off on the nominations. This should go a long way toward solving succession questions, but it will not resolve them completely.



The problem in large multinational companies is that many of today's successors may leave the company tomorrow. In addition, managers name only those people they know as successors. Third, the chief executives of many multinational companies keep their succession plans — if they have any — only in their heads. This seems to overlook the harsh realities of life and death. A better approach is that of one European shipping magnate who always carries a written list with the name of a successor for the captain of every boat in his fleet.

10. Challenge and retain your talent

Global networks that transfer knowledge and good practices run on people-to-people contact and continuity. Executive continuity also cuts down on turnover, recruitment and opportunity costs. As international competition for talent intensifies, therefore, it becomes increasingly important for companies to retain their good managers. Monetary incentives are not sufficient: the package must include challenge, personal growth and job satisfaction.

A policy should be adopted that invites employees to grow with the company, in every market. In addition, a career plan should be drawn up for every executive within his or her first 100 days in the organization. And plans should be reviewed regularly to be sure they stay aligned with the business strategy and the individual's need for job satisfaction and employability.

Overseas assignments and cross-border task forces are excellent ways to challenge, develop and retain good managers. They can also be awarded as horizontal "promotions." This is particularly useful since the flat organizations currently in fashion do not have enough levels for hierarchical promotions alone to provide sufficient motivation.

Unilever has long had a policy of retentive development and manages to hold on to 50 percent of its high-flyers. As an integral part of its global H.R. policy, it develops the "good" as well as the "best." Unilever reasons realistically that it needs to back up its high-flyers at every stage and location with a strong bench of crisis-proof, experienced supporters who also understand how to move with the markets.

Unilever bases these policies on three principles:

1. Be very open with people about the company's assessment of their potential and future.
2. Pay people well — and pay those with high potential really well, even though it may look like a distortion to others.
3. Don't hesitate too long to promote people who have shown ability.

Sometimes this policy involves taking risks with people. But the point of a good system is to enable a company to place bets on the right people.

MAKING IT WORK

The 10-step global H.R. framework has the potential to affect every executive in every location. This scale of culture change has to be led by a company's chief executive, with full commitment from the top management team. A task force of H.R. and business strategists will be needed to facilitate and implement the program, but its success in the end will depend on line managers. As Rex Adams, former worldwide director of human resources at Mobil Oil, has commented, "The development of jobs and the people who fill them has to be the prime responsibility of line managers, supported by H.R. as diagnosticians and strategists."

Line managers will have to be won over to the business case for a multicultural mix, trained seriously for their career-development roles and offered strong incentives to implement world-class H.R. practices.

MANAGING OVERSEAS POSTINGS

Overseas assignments are an essential part of the 10-step program. Yet the track record at most United States-based multinational companies is poor. One study found that up to 25 percent of United States expats "black out" in their assignments and have to be recalled or let go. Between 30 percent and 50 percent of the remainder are considered "brown-outs": they stay in their posts but underperform. The failure rates for European and Japanese companies were half those of American multinational companies.[2]

Finding exciting challenges for returning expats is another problem. About 20 percent of United States expatriates quit their companies within one year of repatriation, often because their newly acquired overseas experience is disregarded.[3] A 1992 study revealed that only 11 percent of Americans, 10 percent of Japanese and 25 percent of Finns received promotions after completing global assignments, while 77 percent of the Americans, 43 percent of the Japanese and 54 percent of the Finns saw themselves as demoted after returning home.[4]

Although the average annual cost of maintaining a United States employee abroad is about $300,000, and the average overseas assignment lasts about four years, United States multinational companies have been accepting a one-in-four chance of gaining no long-term return on this $1.2 million investment.[5] The way around this problem is to manage an expat's exit and re-entry as you would any other major appointment by adopting these strategies:

- Accord overseas postings the same high priority as other important business assignments.
- Match the candidates' hard skills, soft skills, cultural background and

[2] J. Stewart Black, Hal B. Gregersen and Mark E. Mendenhall, "Global Assignments" (Jossey-Bass Publishers, 1992).

[3] "International Assignment Policies: A Benchmark Study" (Arthur Andersen, 1996).

[4] J. Stewart Black, Hal B. Gregersen and Mark E. Mendenhall, "Global Assignments" (Jossey-Bass Publishers, 1992).

[5] Hal B. Gregersen and J. Stewart Black, "Antecedents to Commitment to a Parent Company and a Foreign Operation," Academy of Management Journal, March 1992, pp. 65-90.

interests with the demands of the post and location. An American manager who studies tai chi and Asian philosophy, for example, is more likely to succeed in China than one who coaches Little League.

- Give internal applicants the edge, with personal and company training if needed.
- Spend on some insurance against blackouts and brownouts, especially with medium- to long-term assignments in the company's "lifeline." Send the final candidates to visit the country where the post is based, preferably with their spouses, and give the local managers with whom they will work input into the final selection.
- Give the appointee and his or her family cultural and language-immersion training.
- Assign a mentor from headquarters who will stay in touch with the manager throughout the posting. Ideally, the mentor will have similar overseas experience and can alert the appointee to possible pitfalls and opportunities.
- Set clear objectives for the appointee's integration into the local business environment. I.B.M., for example, traditionally expects a country general manager to join and head the local American Chamber of Commerce and to entertain a government minister at home once a quarter.
- Continue developing the manager while he or she is overseas. Do not make it an "out of sight, out of mind" assignment.
- Discuss "next steps" before departure and again during the assignment.

Unilever used to have big problems with expat appointments and would lose 20 percent to 25 percent on their return. The problems occurred partly because executives who could not make it in the most important markets were sent on overseas assignments. According to Mr. Kressler of Unilever: "When they were ready to come back, nobody wanted them. It took two years to get the message out that we would not post anyone who wouldn't have a fair chance of getting a job in-house on their return. Now, our rate of loss is well under 10 [percent]."

Unilever's overseas postings now have two equally important objectives: to provide the local unit with needed skills, technical expertise or training and to develop general management talent. Unilever prefers to have its foreign operations run by local nationals, supported by a multinational mix of senior managers, so most expats report to local nationals. Only 10 percent are sent to head a unit — either when no local national is available or when the assignment is important to a manager's career development.

A manager who is sent on overseas assignment remains linked to a company unit that retains a career responsibility for him or her. The unit must include the manager in its annual performance reviews and career-planning system. Responsibility is given to the unit rather than to an individual manager to provide continuity and is included in the performance assessment of the unit and its director.

Career development is a factor in managerial bonuses in emerging markets, where Unilever is trying to train and develop local people, and in established markets, which help supply young expatriate managers to emerging markets.

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HOW LONG IS ENOUGH?

The duration of any overseas appointment has to make sense for the individual, the company and the country. Three-year assignments are typical for the regional and global levels on the mobility pyramid, but they are not always enough. The cultural gap between a Western country and Japan, for example, is especially large, so a Westerner appointed as country manager will probably need to stay six years to make a significant impact.

Even when the culture gap is narrower, three-year assignments may be too short, except for the skilled glopat. Usually the first year is spent unpacking, the third year is spent packing up and anticipating the next move, leaving only the second year for full attention to the job. Most Unilever expat assignments last three to four years, although Mr. Kressler believes four to five years would be preferable in many cases.

Unilever now gives managers international exposure through training courses and career development at younger ages than in the past. "We do this because younger people today have a far greater international orientation — command of languages, experience of travel — than their peers of previous generations. We want these people in Unilever and they want to work for an organization that can offer international assignments early on."

MATCHING COMPLEMENTARY SKILLS

One caveat — overemphasizing individual development planning can lead to trying to turn every executive into a superman or superwoman. In fact, organizational effectiveness depends mainly on leveraging complementary skills of team members. The mobility pyramid can be a great advantage here. Using a variety of information technology groupware and mobile assignments, companies can partner managers from domestic and international markets in complementary and mutually supportive assignments to transfer ideas, skills and technology.

This is done particularly in high-technology industries, where it often takes time and training to bring newly hired local nationals up to speed on highly technical product lines. In such cases, an experienced manager can be sent to the market on a short-term assignment both to build initial sales and to train the local nationals while learning about the local market from them. I.B.M., for example, uses this approach to build a more integrated network of local nationals.

Given the shortage of true glopats, many multinational companies find it useful to pair a headquarters-oriented executive from outside the market with an executive familiar with the local market as the two most senior managers in an operating subsidiary. These two often have complementary skills, and their pairing permits a "good cop, bad cop" approach to certain customers. The expat knows the product line and company well, and his or her lack of detailed knowledge about the local culture can actually help provoke a fresh and open approach to local obstacles. The insider then provides the well of country knowledge and connections for the expat to draw upon.

Once a beachhead is established, further penetration of the local market favors the executive with local knowledge. The outsider can then mentor from behind the scenes, staying in touch with headquarters to guarantee the transfer of good ideas. Motorola has used this approach very successfully in Russia.[6]

In the event of a financial crisis, the home office often elects to tighten controls and appoint a financially savvy general manager with strong ties to headquarters. A major strategy change or acquisition may also require such leadership to implement it. Once the situation is under control, however, leadership may revert to a manager with deep local knowledge.

CONCLUSION

Most multinational companies now do a good job of globalizing the supply chains for all their essential raw materials — except human resources. Players in global markets can no longer afford this blind spot. Competition for talent is intensifying, and demand far outstrips supply. To have the multicultural skills and vision they need to succeed, companies will have to put into place programs that recruit, train and retain managers in all their markets.

If companies are to handle the challenges of globalization and shift to a knowledge-based economy, they must develop systems that "walk their talk" that people are their most valuable resource. The purpose of a global H.R. program is to insure that a multinational company has the right talent, managerial mobility and cultural mix to manage effectively all of its operating units and growth opportunities and that its managers mesh into a knowledge-sharing network with common values.

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[6] "Who's the Boss?," The Wall Street Journal, Sept. 26, 1996, p. 15f.