

Global Mindset, Virtual Organization: The Changing Nature of Corporations

A Roundtable Overview

Roundtable
on Digital Strategies

Global Mindset, Virtual Organization: The Changing Nature of Corporations

Thought Leadership Roundtable on Digital Strategies

An executive roundtable series of the
Center for Digital Strategies at the Tuck School of Business

The U.S. and European Chapters convened for a discussion on how the global mindset and virtual organizations are changing the nature of corporations. This Roundtable on Digital Strategies was hosted by BMW in Munich, Germany. CIOs were joined by business unit leaders and colleagues in human resources and strategic planning to discuss challenges and best practices related to operating globally and virtually. Executives and academics from Bechtel, BMW, Hilti, Holcim, Nestlé, KLM, BT, IBM, the London Business School, INSEAD and the Tuck School of Business at Dartmouth participated.

Key Insights Discussed in this Overview:

- Globality and virtualization go hand-in-hand—each feeds the other, driven by the same challenges (24/7, follow-the-sun for cost-containment and speed, talent acquisition). The more global the company, the more it needs virtual capability; and the more virtual capability, the more global operations must become to leverage it.2
- Leadership at all levels must work harder than ever to ensure a shared culture and common goals—creating that sense of belonging that is the glue that holds the enterprise together. It is essential to the attraction and retention of talent, operational efficiency and consistent delivery of high-level products and services in this very dynamic, fluid and dispersed environment.....3, 4
- The gap in understanding between top management and younger employees is an increasing concern. Leaders sharing about themselves authentically and accessibly in person and through personal websites and blogs (ensure you can carry through what you start!), and creating organizational mechanisms such as a “shadow board” yield dividends for both parties and payoffs for the enterprise.....10, 11
- Sharing knowledge about content, process and people is increasingly important and harder than ever given the dispersed and virtual nature of corporations. Creating a culture where sharing is valued and where both the “giver” and the “taker” are recognized as adding value is imperative.....6, 7
- Social networking applications can reinforce the sense of identity and belonging most employees seek, as well as enabling knowledge sharing. Coupled with other efforts, these internal and external networks can be a powerful tool for Gen Y and others. 7-10
- “Controlling” a social network platform is an oxymoron and self-defeating—and besides, they have proven to be remarkably self-policing. CIOs should encourage the management team to embrace the possibilities, including mining external communities as a rich source of employee, customer and market feedback and offering add-on utilities that enhance internal stickiness.....8, 9
- Centralization and standardization are not the same. Companies are standardizing in order to manage the complexities, creating the common language, processes and systems that enable *decentralization* of execution, increase speed and efficiency. This strategy promotes the sharing of best practices.4, 5, 6
- Globality and virtualization issues confronting corporations today will both necessitate and enable the extension of enterprises to include customers and partners in business processes. Companies will identify not only with their own outputs and markets, but with those of the value chain. The importance of intellectual property could well give way to reliance on the ability to execute.....6, 7, 10

Introduction

The corporate world is moving from globalization to globality. Operations can no longer be headquarters-centric, but rather poly-centric. Virtualization abounds on all fronts. Co-workers collaborate from far-flung locations, including from home. Companies partner with remote suppliers they never see and sell products they never touch.

It seems globality and virtualization now go hand-in-hand. The more global your company is, the more it must provide the ability to work virtually. And, the more virtual it is, the more global you need to be to gain the benefits of a 24/7 “follow-the-sun” schedule. Virtualization allows companies to boost productivity while cutting costs.

Many global companies find themselves setting up shop in distant places, staffing up with workers from around the world. Bechtel, for example, faces a recruiting challenge in an extremely competitive global environment when there are only 60 people available in the Western world to replace every 100 who retire. They have thus moved operations to where skilled workers live, building engineering centers in Shanghai, Taipei, India and Poland. Like many project-oriented companies, Bechtel works on a 24/7 schedule to expedite projects for its worldwide clients.

“How do you actually build an infrastructure that supports this?” asked Geir Ramleth, Bechtel’s CIO. “To a certain degree, you have a 110 year-old company that has to start operating in a very virtual environment. How do you actually supply that and control and manage your risk?”

Virtualization is pushing managers to share more information with more people both inside and outside the corporation. Because managers are often located thousands of miles away, employees need to connect directly with each other to solve problems, both online and in person.

Customer demand for attention 24/7 is also contributing to changing the way global companies handle a variety of ‘back office’ operations, primarily human resources and IT. Participants discussed the pros and cons of standardizing certain operations, especially IT, as a way to share best practices and improve the efficiency of decentralized operations.

Moderator Kerstin Gollner focused much of the discussion on how leadership models must change to meet the challenges of managing a diverse workforce located around the globe. “It all starts from the duality between a central approach and a poly-centric approach,” Gollner commented. “You have a tremendous turnover of people, a lot of dynamic people management and the challenge of motivating people to stay.”

Globalization versus Globality: A Shifting Management Paradigm

Companies serving a global client and/or customer base can no longer manage operations using a ‘command and control’ model from central headquarters. Nor can they afford to duplicate services and processes in every country they do business in. This shift of management models is possible because technology permits co-workers in various locations to easily collaborate on projects and allows managers to supervise projects and employees from afar. And through

websites, online communication, improved video-conferencing capabilities, etc., companies can partner with suppliers they may rarely meet and sell products they may never touch.

Participants agreed that everything shifts once a company becomes a truly global enterprise. Urs Bleisch, Holcim's CIO, postulated that companies cannot "manage from corporate...it's not possible anymore. The question is: how can you create a culture to proactively encourage that people get access to information?" He commented that his expanding Swiss-based company is dealing with the concept of globality every day. "Globality is now poly-centric," he stated. "Traditionally from West to East—now, suddenly in all directions. Within five years, our footprint changed considerably...it doubled. If you look at our workforce, we have 90,000 (employees) with 27,000 in India."

The shift of employment to India pushed Holcim to change the way it operates on many levels, Bleisch said. He said Holcim's management is grappling with which operations to centralize, decentralize or virtualize. "How can you manage that in the ever-changing environment you have? As of yet, we have not found the silver bullet."

Companies are also pressed to define their identity. "We asked are we really a global company?" commented Karl Probst, senior vice president and CIO, BMW Group. "We came to the conclusion that, even today, in the minds of a lot of people we are a Bavarian company operating globally not really a global company."

Members agreed that CIOs are in an ideal position to take a leadership role in helping their companies establish the systems and networks that serve as the backbone of a successful global operation. On the positive side, open access to information enables employees to work wherever they are, around the clock. However, Bechtel's Ramleth pointed out that the biggest resistance to opening up platforms and giving employees more access to information is at times "your own (IT) people...The IT people think that you're just about to neuter all of them," he said. "They think, 'whoa, wait a moment, I can't go there. That might involve risk to me. It might change my organizational status. It might mean that I get (fewer) people working for me'...you're triggering the immune systems tremendously if you say, 'go out on a limb and think differently.'"

The Importance of Building a Strong and Unified Culture

Even with cutting edge communications and technology in place, companies with far-flung operations must work harder than ever to create a shared culture, with common goals and a feeling of belonging and alignment. Creating a strong group identity helps companies attract and retain talent, as well as deliver high-level products and services on a consistent basis.

Managing a multi-cultural work environment is tough, according to Alois Zwinggi, Holcim's head of corporate human resources management. "At our head office alone, out of about 900 people, we have 40 nationalities currently," he pointed out, adding that when a new board member asked what language people spoke in the head office, he was told they probably speak English. "I think if we look around, we probably have very few teams where they can still speak German. That's probably one of the ways to make sure the head office is aware that we're now in a global environment."

Investing time and money in creating a common culture and common understanding of values has significant benefits. A common culture facilitates a common corporate language. It fosters common patterns of behavior. It minimizes internal competition, instills the importance of creating a learning organization and helps enable global standardization.

Moderator Kerstin Gollner pointed out that company-supported bonding and socializing is one of the “secrets” of creating a strong corporate culture. The question is how to bring employees together when they are located around the world? Planning and executing group activities is one solution, but that requires a substantial investment of time and money.

Hilti creates the “glue” that binds employees together by inviting a mix of employees to participate in a variety of intense, team-building activities. Hilti “Culture Camps,” are a series of two or three-day retreats led by “sherpas.” Martin Petry, senior vice president and CIO, explained that glue is created when “people physically get together, get to know each other better and get to better understand the company and themselves...”

Hilti’s on-going “Culture Journey” program features a mix of team-building exercises, outdoor adventures, go-cart races and business-oriented sessions. About 60 professional trainers are charged with imbuing employees with core company values. “We do it throughout the company so everybody from the board of directors to a team member goes to camp,” explained Petry. Twelve to fourteen people participate in each session which lasts about two and a half days. “The camps help create a certain language and (reinforce) small patterns of behavior.”

Petry’s colleague, Stefan Odenthal, Hilti’s senior vice president, head of corporate development, said a standardized IT-based workflow system can also provide “glue” to unite workers around the globe. “Once you have the culture in place, people use these tools. There can evolve a certain glue, from doing sophisticated things in IT.”

Response to the camps has been extremely positive, according to Odenthal. “If you see pictures from around the world, showing teams on construction sites doing a so-called team-cheer—expressing the same mind-set that’s amazing and motivating.”

At KLM/Air France, disparate groups of workers are put on teams to develop solutions to various problems. Pieter Groeneveld, vice president, corporate strategy for KLM, described a program that periodically brings together groups of employees from various departments and locations to tackle tough issues. They are divided into small cross-functional teams with Executive Management sponsorship and work together for six to eight weeks to provide insights and answers for a specific problem or opportunity. This interdisciplinary approach encourages employees from different departments to develop new solutions and innovations. Groeneveld said the exercise also provides top managers with a way to determine future leaders.

Participants agreed that the time and energy spent on building a unified corporate culture pays off in many positive ways, especially for large, global enterprises.

Centralization is Not Standardization; But Both Affect (and are Affected by) Virtualization

Moderator Kerstin Gollner asked the group, “What does it mean if you have a global virtual environment? Somewhere, people need a common platform to refer to. And one part of this

common platform could be purposes, values, identity. The other part of the platform could be standardization. Sometimes, standardization is misinterpreted as being too slow, as meaning centralization.”

Holcim’s Bleisch agreed. “I think you have to make a distinction between standardization and centralization. They are two completely different things. Centralization is geared to *where* you do execution, whereas standardization means having a common language,” he stated, a common way of doing something, of executing a process. Creating standardized processes can lead to better local execution and disseminate best practices, allowing all business units to benefit.

Louise Mors, assistant professor of strategic and international management at the London Business School, pointed out that most European companies historically operated in a decentralized fashion. “Most European-based companies have grown up with an administrative heritage of being very decentralized,” said Mors. “Some of it comes from being separated during the Second World War and then becoming quite powerful, autonomous separate country offices. But how do you bring back this centralization? How do you (find a) balance between decentralization and centralization?”

Participants discussed how many global companies rely on a common IT platform as a tool to standardize certain processes. Standardizing IT and other areas, including human resources, can create economies of scale and reduce duplication of effort. One approach is to standardize what drives costs and the things customers don’t see, but customize areas that provide better customer care and service.

Nestlé, for example, has “completely standardized” some business processes through its Globe program, according to Olivier Gouin, group CIO. “We have really focused those business processes and use data and IT as supporting function to drive those benefits.” He explained that standardization, “has increased tremendously the transparency across the group, and we are now in a phase where we can start to leverage that benefit and really drive the growth moving forward.”

He said IT has taken the lead by having “one global development (group) to force common processes.” However, he explained, IT is based in three centers because it’s more economical. The company is slowly downsizing local IT teams to manage those operations at the regional level.

“Part of the devil, it seems to me, is figuring out what things you can standardize well so you actually allow the time and energy for innovation in those areas where you really want the impact on the customer,” commented Hans Brechbühl, executive director, Center for Digital Strategies at the Tuck School of Business.

Gouin described how Nestlé manages local operations with “very light head office directions and strategies.” The company manages 500 factories and works with 1,500 co-packers and co-manufacturers. “We have to be very close to our consumers... so we are a company with a lot of independent companies all over the world,” he pointed out. “We have moved from 5% internal transfer of goods between countries to 30%, which is a lot for us, but we still have a lot which is done locally, sold locally and we want to keep that at a local level.”

Every company Nestlé owns is “completely independent” but, for example, the CFO of the U.S. pet food business reports to the CEO in the U.S. who reports to somebody in Switzerland. “From a business point of view, we are not trying to centralize,” Gouin explained. “We are trying to look at global processes to better decentralize, because we believe by better decentralizing, we are doing much better work.”

Increasingly, companies are also aware that processes no longer end at the four walls of the firm, but must include customers, suppliers and vendors. Al-Noor Ramji, CEO BT Design and CIO, BT Group, said BT is trying to decentralize operations by organizing around customer experiences. “We centralize the back (office) or decentralize the front, but you have to centralize the customer touch points...” He and others agreed that in order to keep customers happy, companies need to treat each one as unique and special, especially during the sales process. This can be accomplished by customizing the ‘front end’ customer contact, while standardizing back office operations.

Bechtel’s Michael Bailey, senior vice president, Bechtel Ltd., said certain systems need to be standardized because the company moves “hundreds to tens of thousands of people on a dime, for two years to run a project. They have to start it up, run it two to three years, bring it in on time, on budget, with quality and safety and then move off,” all while partnering with global and local firms.

Bechtel’s Ramleth said his company tries to create “global leverage platforms” in an attempt to balance centralization and decentralization. His team builds platforms others can “leverage in a different way” to fit various needs. “We have gotten some unbelievable gains for that—cost gains, but also productivity—and those standards are actually now helping (with the internal and external market).”

Moderator Kerstin Gollner commented that “...one thing that is really important to keep in mind, if you are trying to encourage people to standardize more” is to give people “a mental model.” She said employees may have the wrong idea about why the head office is trying to standardize certain operations, when, in fact, it can be a positive thing for everyone.

Finally, when companies standardize major cross-functional business processes, it takes committed leadership from the top according to Gouin, who relayed how for a long period of time every speech his CEO gave, internal or external, was about Globe. “It’s very important that it’s the most senior guy, if you want a global change. If it’s a change more in a function, then it’s a different story.”

The Importance of Knowledge-Sharing

A critical issue facing participants is managing knowledge and enabling appropriate access to information in a global operation. Access to a current skills base within a global corporation is also vital, given the fact that employees are often working thousands of miles apart from each other. Companies can put systems in place to virtually share information, or, when appropriate, physically bring employees together to exchange knowledge.

For example, after KLM and Air France merged, management decided to create teams of people from both companies to exchange information about particular topics. “The most valuable part is the intangible part, teaming up the guy from IT with the CRM guy from marketing, with the network planning guy, who normally don’t speak together,” explained Groeneveld.

Ensuring recognition for employees who share knowledge can be an important mechanism to drive knowledge-sharing and help solidify a common corporate culture in a global enterprise. For example, Bleisch said Holcim recently re-launched a program that gives awards for both “givers” and “takers.” “We see that many want to give—‘we are the greatest, the best’—but we feel we do not have enough people taking, learning,” he remarked. This recognition of people who provide ideas *and* those who use them creates a sense of community among the company’s 90,000 workers and provides “a positive opinion about your coworkers.”

Hilti’s Odenthal agreed, describing an insurance company program that encouraged employees to become “topic owners.” “People could grow by becoming a topic owner. That provided a lot of recognition,” he explained. “In particular, for a younger generation, you need to provide sense and perspective. Employees want to know, ‘what do you stand for?’” He learned the importance of sharing knowledge when he worked as consultant at Arthur Little, where all were encouraged to “steal with pride and share with delight.”

Knowledge-sharing is, of course, no longer just an internal challenge. BMW’s Probst elaborated that his company cooperates with other OEMs commonly defining and specifying critical parts and equipment. BMW feels comfortable sharing information even with competitors because it is not as sensitive as is usually seen. For example, in a certain area where we have been the benchmark for the last ten years, they are all standing in line watching us but we deliberately let them see everything. Why? Because we know even if they do, they couldn’t copy it for the next ten years. Just having the know-how doesn’t help. You have to change the culture...you need the right people.”

Collaborating with competitors by sharing information and even opening up internal networks is likely to become increasingly common. For example, BT’s Ramji said the company has opened up its network to customers and competitors. “If we’re open, we’ll encourage people (to see information). You can leave our network and go do other things. We will promote it as opposed to preventing it. But, the business model for that is admittedly unproven...”

But companies are concerned about certain aspects of protecting intellectual property. Bechtel’s Ramleth believes there are two forms of IP—one that generates business and revenue and that is the kind you really want to protect, and one about how you operate, etc., which is not always necessary to guard. “At the end of the day we don’t have much to protect us in the marketplace,” he acknowledged. “We don’t have patents. Our people (employees) come and go. How do you protect our intellectual property? How do you keep that within the walls so you don’t just get another 100 Bechtels around? That’s very, very challenging.”

Tapping the Power of the Social Networking

Managing a culturally diverse workforce across multiple time zones and continents is pushing global corporations to develop new ways to communicate with employees, customers and

partners. The lines between personal and professional lives are blurring as people share their stories, skills and background on collaborative social networking sites.

Younger workers, skilled in using these new platforms, are forcing older managers to change the way they manage and communicate. Members discussed why balancing personal and electronic contact helps build deeper relationships. These online relationships are affecting the way traditional “top-down” managers connect with employees and customers.

In contrast to years past, participants said many of corporations now support and offer access to social networking applications at work because they help create a “sticky” sense of belonging. These networks have proven largely self-policing and self-maintaining and provide a way for employees to quickly update a variety of personal and professional information. For managers, networks provide instant access to information about their employees’ skills, interests and projects.

Most importantly, social networking platforms help break down the boundaries between personal and professional lives in a way that is very appealing to Generation Y workers. The networks have also proved to be a positive part of corporate life and are surprisingly self-policing, participants said.

Some companies have created internal software platforms that perform similar functions to Facebook and Linked In. For example, British Telecom (BT) has developed “I Click,” a platform that allows employees to share contact information, and details about their skills, hobbies and company assignments. Ramji said employees eagerly and voluntarily update their profiles and keep in touch with each other via the company-sponsored networking platform.

Allen Ma, president, BT Asia Pacific, emphasized that one way executives can unite a diverse and distant global workforce is to “understand the power of the social network.” He believes that BT’s internal I-Click network has “created the stickiness” needed to retain its best workers. When executives share personal information about themselves it establishes their leadership style.

“These young people belong to a social network,” Ma commented. “If you can create something like a social network within the company, we keep them motivated to stay on the social network. Then, if they want to move-on, they probably have to think about it a second time. So that would probably help us create the stickiness we’re looking for.”

Ma said the network not only creates a “common sense of belonging, alignment, etc.” but “enables us to search the talents, the skills of the people on the network, using similar concepts like what Facebook is doing today.”

Ramji pointed out that employees who feel comfortable posting information to social networking platforms, like Facebook, are more likely to update their information without being asked. The sites also have the added advantage of “tricking” employees into learning to use a software program. “I’m not claiming it’s going to teach them software, but it makes them think a little bit more like us...it gets them into a little bit of a software mind-set,” commented Ramji.

Holcim's Zwinggi contended that "un-sponsored" social networking platforms have "better quality and better action." He said his company's internal 'white pages' are not as up to date or interesting as the LinkedIn pages created by his employees. "When people feel they really know each other, they work better together," he said, pointing out that a recent survey revealed that, "regardless of cultural background or geography, the collegial work environment was very important. As a company, we should not be afraid of working with these un-sponsored networks because current and past employees and actually use it and take advantage of it."

In addition to providing a deep repository of personal information, Nestlé's internal network provides critical company information, according to Gouin. "Today, every single day, we have about 3,000 people connected on that system. You have a guy in a factory (with a question) and someone at the other side of the world is answering him. And it's great, because you use the community and embed that as part of their work. We were afraid at the beginning that people would start to complain and use it for that, but it did not happen."

Prof. M. Eric Johnson, director of the Center for Digital Strategies at the Tuck School of Business said he belongs to a network of former HP employees that has annual reunions as well as an online presence. "I have lots of personal relationships with people in the group. They might say, 'Oh, Eric knows something about this,' or 'these are good things to talk to Eric about.'" The combination of reunions and a keeping in touch via a digital network "make the relationships stronger and (help) pass the (relationships) on to the next group of people," Johnson concluded.

Despite the benefits of social networks, Barbara Burghardt, vice president organization, in house consulting for BMW Group, wondered whether all the information sharing will affect how executives manage and lead. "The question for me is will those networks have an impact on power structures, on decision-making within the company?" she asked.

Online Networks Cannot Replace Face-to-Face Contact

Although most participants were enthusiastic about using online networks, both private and company-sponsored, to enhance communication, Louise Mors offered a cautionary viewpoint. "I'm quite skeptical of these electronic networks," she commented. "I do think they're extremely important in maintaining a social network and as a tool for sharing knowledge." However, she said we don't know enough yet to say whether people "are using them to build new ties, or using them to maintain their existing network?"

She said strong relationships are built on personal contacts which cannot be replaced by online networks and electronic communication. "We have to make sure that they (online networks) don't replace the face-to-face interaction which is often how you build new relationships."

Mors also cautioned about using networks to convey sensitive company information. Still, she said they were valuable as a tool for providing connections and information about "where things exist in an organization."

BMW's Probst agreed that strong relationships require both online and personal contact. "I think, if you have just an electronic contact, it's exchangeable, it vanishes in no time. If you have a face-to-face contact, you have to maintain it electronically. So, I think you need both."

A company-supported network gives virtual workers a sense of belonging, according to Holcim's Bleisch. "When you ask about stickiness and that kind of belonging, you cannot do without the social component. And this (social networking) is one way – obviously not the only one, you know, to open up and to give this feeling of belonging." BT's Ma also pointed out that employees who resist signing up, "find that you're being excluded from the mainstream of the organization."

Ma stated that another advantage of the BT network is that "no one has a monopoly on brainpower over ideas. If you put people on a digital platform so they can share ideas, then the collective brainpower is a lot bigger than the individual." BT's Ramji said encouraging more contact, in any form, is positive. "All we're trying to do—call it any names you like—is figure out how do we encourage people to go a bit beyond six cubes (away in an office)? Six is an exaggeration. It's actually even smaller. How do you get more people to talk to each other? And then define who they should talk to, right? So, I don't think this is any more sophisticated than that. And how do you stop them thinking we are telling them to go speak?"

Participants said many companies are even leveraging social networking platforms to market products and services to new constituencies. For example, KLM, which discovered 6,000 of its 40,000 employees already use Facebook, tapped into the platform when it focused on expanding service in Asia. "We've seen our customer base changing in the last five years, I think from 40% Asian to 50% to 60% Asian, so we have to expand our brand awareness far more to Asia," explained KLM's Groeneveld. Rather than hiring an outside consultant to market KLM to the Asian market, the company focused its buzz-building efforts online because, "Japanese Facebook already had six communities of customers dealing with Air France/KLM."

"There's an enormous amount of sharing of positive, but also negative experiences on Facebook," Groeneveld pointed out. However, he said sharing of negative experiences can also be positive because it provides opportunities for companies to make changes or improvements.

While younger employees are comfortable sharing personal and professional information on various networks, it can be a challenge to get older employees and managers to participate in social networks. KLM's Groeneveld said he was not surprised to learn that many older managers were not familiar with Facebook or other social networking sites. "Some of our top managers had never visited Facebook or these kinds of communities....So there's a bit of concern about using it as management tool." Hilti's Odenthal agreed, commenting that he has "the impression that there's a huge disconnect between leadership of the companies and what we're talking about." He asked if any of the CEOs of the companies represented around the table had "really figured out the power of this democratic, grassroots movement?"

Leadership Approaches: Sharing Personal Information and Bridging Gaps

Sharing personal information and insights via a blog or personal website can be a powerful management tool. It's easier to set and achieve group goals when employees understand how their managers think and make decisions. IBM's McCorey asked, "How do you establish culture and how do you bridge the gap from leadership top to bottom? It's really by sharing information about yourself. The leadership has to be open to share information...I think we have to lead by example and really show that we're participating in the networks... We as leaders have to be

willing to expose and open up our own experiences to really create a team that will work collaboratively together.”

He believes that his personal website serves as a powerful leadership tool. “It gives people the opportunity, at their leisure, to read as much or as little as they want, and really determine what you’re all about...it gives insight into my leadership principles and style.”

While a website can provide a backdrop of personal information, Ramleth cautioned the group about the trying to maintain a personal blog as a part of their management communications if they can’t contribute new content on a continuous basis. “Suddenly, you’re creating some expectations that you can’t live up to,” he said. Ramleth pointed out that he writes about topics he wants to be proactive about, but he doesn’t blog on a regular basis. “Email rules my life already so I don’t need one more ruler.”

Ramji, who has a personal blog, recommends sharing a blog with three contributors, preferably executives managing the same team. He pointed out that updating the blog with the expected frequency is easier with a shared blog, and that it has the added benefit of ensuring the senior executives are sharing information on issues that arise from reader questions, etc.

A widening generation gap between current leadership and younger workers can have a negative impact for corporations, including on the company’s ability to communicate clearly both top-down and bottom-up. Creative ways for bridging this gap are emerging.

At BT, for example, younger employees on a management track can apply to become “shadow board” members. Once chosen, they are assigned to shadow a top executive for a year or two to learn all about company policies and practices. Shadow board members also meet separately to share their ideas. Allen Ma said employees apply to serve as shadow board members and offer a new perspective to older executives. (His shadow board member is in his thirties).

“Basically, every member of the management board has a shadow member who supports the member sitting on the board,” Ma explained, saying that he finds it helpful that his shadow board member has access to everything he discusses at board meetings and often brings up issues or topics Ma might have overlooked. “They’re coming from a much younger generation so they can share their views, the perspectives, etc. with the management board members. This is a way of helping the older board members understand what’s really going on with Generation Y.”

Using Video to Communicate across the Globe

Leveraging various communications technologies to communicate with far-flung colleagues and a multi-cultural workforce is part of every leader’s day. Participants said they spend hours each day conducting audio and video conferences, contributing content to blogs and updating personal websites. Internal communication and management direction is no longer expressed via inter-office memos and face-to-face meetings. Many leaders, who are on the road most of the time, rely heavily on email, audio and video conferences to keep in touch with team members.

For example, Bill McCorey, vice president, Global IT Infrastructure for IBM, said his company uses “hundreds of millions of hours of audio conferencing” to keep abreast of projects. Yet, he

acknowledged that while audio conferences are a cost-effective way to communicate, audio-only allows executives to check email, make travel arrangements or conduct other business while on a conference call. A video conference, on the other hand, requires parties to be completely present and pay full attention, especially with TelePresence, which employs a high-definition, life-size screen.

“The drawback of TelePresence today is certainly the cost, the bandwidth consumption,” said McCorey. “But, the quality is there. It’s as close to a face-to-face meeting as you can have.”

Nestlé’s Gouin indicated that he prepared a business case and determined that by cutting his overseas travel budget by 20%, he could justify the cost of using TelePresence. Generally speaking, due to the expense, participants agreed that only top executives can afford to use this video platform, but agreed that it was an excellent communication tool for certain meetings or specific tasks. KLM, for instance, uses the technology to conduct job interviews in South Africa, Groeneveld said.

Conclusion

The demands and realities of operating globally today are rigorous. The need for speed of execution and cost-containment, while delivering consistently top-notch products and services in this very dynamic and dispersed environment, places a premium on strong leadership creating an environment for a shared culture and a certain level of standardization of key processes.

One reason virtualization is growing is because the belief that internal transfer costs are less than external ones is being shaken. That gets at the heart of the argument of what a company is, however. And perhaps perversely, the greater virtualization, the more common culture, values, processes, etc. are needed as glue for a corporation.

Participant List

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