

“Managing the Organizational Impact of Global Operations”

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Discussion Guide

Multinational companies are increasing their productivity and realizing higher economic performance by expanding their operations and services globally. They are building sales operations and supply teams across the world. Cost-competitive countries are becoming global hubs for many back-office services and operations. Marketing and sales require different approaches in different markets. Yet being global is about more than just gaining new markets and arbitraging labor costs – there are trade-offs and organizational challenges that arise. In this summit, we will openly discuss the business, economic and cultural impacts on companies who are managing their businesses, their processes, their resources and their investments across the globe. The focus will be on the processes of global operations management, the headquarters function, the role of information technology (IT), and the sharing of best practices.

Session 1: Globalization: Defining the Opportunity and the Operational Challenges (please come prepared to describe the biggest challenge that you face in globalizing your business)

What are the conditions under which your company globalized / is globalizing? How has your company approached globalization? What are your chief operational challenges?

- How are the challenges of globalization different from the challenges of managing a complex organization across multiple product segments and geographic regions of one country?
- How is globalization reshaping your industry (i.e., what would happen if you didn't change your level of global sales or sourcing)?
- What were your biggest surprises in globalizing your business?
- Are parts of your company global and others not? What functions are truly global?
- What functions are managed more globally and which more locally? Of the ones managed globally, are they managed out of the headquarters or from some other location in the world?
- What do you have to do differently “over there” than “at home”? Why?
 - Did you discover success factors for your business model that were not apparent to you in the domestic context or in the context of your early international expansions?
 - Did you develop new routines or processes to help surmount the challenges that you faced?
- Are you growing abroad organically, through mergers/acquisitions/partnerships or both?
- Do you produce to local market, rely upon a global supply chain to produce to global product, or some of each?
- What are the biggest impediments that you face in adapting to globalization? What do you need to overcome these impediments?
 - At home? / Abroad?
 - Economic resources
 - Organizational politics
 - National politics (at home? abroad?)
 - Social or cultural factors or mindsets

Session 2: Best Practices in Managing Global Operations (please come prepared to describe a specific operational success story)

How are you responding to the operational challenges of implementing global operations? What are the best practices you have discovered? What are the secrets of good execution?

- Some multinational corporations see globalization as a matter of replication--spreading a single business model as widely as possible to maximize economies of scale, access to information and control over global operations. Others see benefits to letting some things develop more organically.
 - How important to your success in global operations is the ability to standardize or replicate versus the ability to adapt locally?
 - Are the key drivers of local adaptation differences in your customers across the globe or differences in the environments in which you develop and produce your products?
 - What are the routines or processes that you tend to employ in all your international operations of a given type (i.e., that you standardize or seek to replicate)?
 - How do you insure conformity across global operations? At the onset? Over time?
 - How do you react when results differ from your expectations?
 - What are the routines or processes that you add, subtract or adapt to fit the local context?
 - How do you design your operations for such flexibility without compromising global business performance? At the onset? Over time?
 - How do you react when results differ from your expectations?
 - When you determine you need to standardize, how do you overcome the obstacles to standardization? What are the organizational implications?
 - How have you changed your emphasis on standardization/replication vs. adaptation over time? Why? How?
- Research consistently shows that global workers can be trained on the job to achieve radically higher productivity versus merely receiving formalized education. Has poor education of global workers been a barrier to your economic performance?
 - How do you ensure global levels of best practice productivity from locally staffed business units?
 - How do you develop corporate as opposed to national- or subsidiary-level identity among local staff?
- In using IT to help manage global operations, is the desire to create access to information intended for the purpose of identifying trends and opportunities for adaptation/sharing, or for the purpose of ensuring control?
 - If both, which is viewed as more important?
 - How does IT support these priorities?
- What is the role of the headquarters (HQ)? Does the role of the headquarters become significantly more/less challenging depending on whether the organizations are organic/acquired and produce to local or global markets?
 - Do you measure the quality and performance of your global processes?
 - Do you seek to transfer best practices discovered in one subsidiary/operation to other subsidiaries? How do you share best practices across varied organizations and cultures?
 - Do you adapt the decision making structure of HQ vs. regional or product managers vs. local business units? When? Why? How?

- Are there general “globalization” best practices that transcend particular industries or processes? For instance, relationship management practices that transcend either customer/supplier management or the manufacturing sector?

Breakout:

Offshoring/Outsourcing

Productivity has been a major driver of business. What happens when you globalize, offshore/outsource certain functions, and no longer “control” productivity? What new economic, political and cultural challenges does offshoring/outsourcing present? This breakout will challenge us to bring some systemic thinking to this topic. How are your decisions made to *outsource* to another company or *offshore* processes to another country? Risk versus reward? Core versus context? Standards versus differentiations?

OR

Identity: Subsidiary, Host Country, Corporate and Home Country

As corporations grow to span multiple countries and expand via a variety of mechanisms, senior managers must grapple with and seize the opportunities presented by interacting with multiple different mindsets. Workers and teams take on distinct identities based on their country of operation, organizational affinity and work experience across national and organizational entities. What organizational practices or routines help you make the most of this diversity and how are those practices evolving with changing identities?

Session 3: Moving Forward – The Challenges Yet to Come (please come prepared to name the most important trend that you believe your company will need to grapple with)

What will be the key developments in the international political economy that will impact your global operations over the next five to ten years?

- What concerns you most about globalization and how you're going to deal with it going ahead?
- What kinds of organizational changes to accommodate globalization do you expect in the future? Do you expect it will be a different kind of focus or different kind of oversight at the corporate level that we're seeing today? Where do you see the evolution going?
- Is continued globalization inevitable? Could this fall's U.S. election or a subsequent election in the U.S. or abroad lead to the adoption of policies that restrict globalization? Is your firm ready to react to such a contingency? What can you do to block the adoption of such policies?
- How are you making the balance internally between global investments, security and risk? Will your future investments in IT support this balance?
- How sustainable is your global business process model(s)? How does it differentiate from your existing competitors? How does it differentiate from your future competitors?
- How do you get people behind globalization efforts? Will it get harder or easier to share best practices across varied organizations and diverse cultures?

Summary & Opportunities for Further Discussions

- What are your key take-aways? What are the 2-3 things that you are going to think the most about when you leave here?
- What did you hear today that you absolutely said, “Amen, that's the God honest truth,” and what did you hear today that you thought “They're wrong about this?”
- What areas would you like to see more research focused on?