

Dilemmas of Multi-Cultural Leaders: A New Unified Model Of Trans-Cultural Competence

By

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Our recent research reveals that the essential distinguishing characteristic of leaders in a multi-cultural environment is their propensity to reconcile seemingly opposing values. In contrast, managers (rather than leaders) seem to have solvable problems – “Next problem please”.

Leaders are frequently suffering from insomnia because they were not able to resolve a dilemma they faced. It is difficult “not to have made it”, but even more difficult not knowing “what to make”. Then, even worse – the successful integration of conflicting values frequently leads to the creation of one or more new dilemmas. It is a continuous process.

What are these dilemmas that international leaders face? Of course you have to inspire as a leader and you have also to listen. You need to follow the orders of HQ to fulfil the global strategy and you have to have local success by adapting to regional circumstances. You have to decide when to act yourself but also when and where to delegate. As a professional you need to input your own day-to-day contribution and at the same time

to be passionate about the mission of the whole. And you need to simultaneously use your brilliant analytical power while enabling the contribution of others. You need to develop an excellent strategy while simultaneously having answers to why the strategy misses its goal.

We thus begin to understand why there are numerous definitions of good leadership. You read Warren Bennis and you find it is all about vision, mission and transparency. You go to the French literature and read how great leaders are functions of their educational background. Compare with the Asian literature that suggest you should be male, senior and from the University of Tokyo.

With the internationalization of organizations, we find that leaders have to face multi-cultural teams. What style of leadership is effective in those diverse circumstances? We submit that it requires a set of value-free competencies that we identify as Trans-cultural competence.

We interviewed 21 leaders to provide the underlying schema for our new book *21 Leaders for the 21st Century* (published by McGraw-Hill, March

2001). From this evidence we performed an in-depth and critical inductive analysis. Thereby, we identified that the significant and common factor amongst successful leaders today is their competence to reconcile seemingly opposing values of dilemmas that they face on a continuing basis.

So what are these dilemmas that international leaders face?

The Dilemma Between Standard And Adaptation

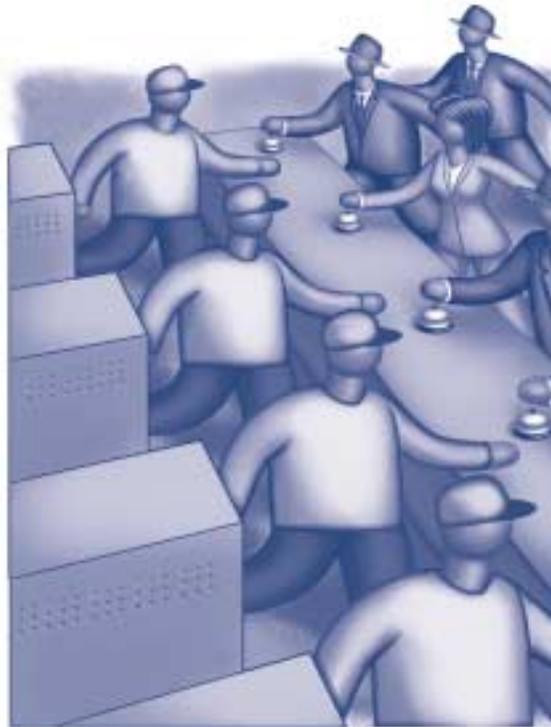
It is striking how often we found this in many forms. Should we globalize or rather localize our approach? Is it better for our organization to mass-produce or to focus on specialized products? Good leaders in their trans-national organization are effective in finding resolutions whereby locally learned best practices are globalized.

Thus, activities might be decentralized but the information about the activities is centralized. *Mass-Customization* has become the credo of the reconciliation between standardized and universal products, and customized and particular adaptations.

Jack Greenberg, McDonald's CEO, was able to transform local learning into global products. His company, (especially its US performance), has swiftly turned around the last 3 years after a doubtful start in the early 90's.

What values has Mr. Greenberg reconciled? And is reconciliation even possible in a company that is known (like Coca Cola) to stand for an uncompromising approach 'Be as American as you can be!' McDonald's Universalism is reflected in several areas of the business: the promotion of global brands, common systems and HR principles around the world. Universalism fuels the search for the one best way of doing things and releases the synergy of a global corporation. Without this synergy, it is easy to lose the benefits of operating globally, so this

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is an important attribute.

At the same time, taken to extremes and not balanced with a healthy dose of Particularism, it can lead to the "one best way" being pursued at the cost of flexibility to the particular circumstances and needs of the local situation. This might explain McDonald's difficulties in the late 90's. (However, there is also a "particular" relationship at the heart of the company, since McDonald's at its most senior levels is run by the "family".) This interesting bi-cultural set-up has allowed McDonald's to create freedom in a framework of strong values. It enables McDonald's to reconcile the dilemma of how to exploit the common franchise frameworks of the brands (universalize) and how much to leave to local market adaptation (particularize). While in Indonesia, The Netherlands and South

Korea, McDonald's offers Big Macs and Happy Meals, in Austria its franchises also contain "McCafes," which offer coffee blends for local tastes. Next to French Fries, it also offers rice in Indonesia. In Amsterdam, McDonald's offers the McKroket, a local Dutch snack. And in Seoul, the burger chain sells roast pork on a bun with a garlicky soy sauce.

But McDonald's is going beyond the theme that "all business is local". Mr. Greenberg and other executives say they are responding to concerns of too much localization. McDonald's is in tune with its decentralized foreign operations where it is actively experimenting. From there it takes the best local practices and tries to use them in other areas of the world. It globalizes best local practices. The result is a trans-national organization in which exceptions and rules modify the existing principles.

Individual Creativity and Team Spirit

International leaders are frequently facing the integration of team spirit (in which cooperation dominates) versus individual creativity and empowerment. The effective leader knows how to mold an effective team out of creative individuals. In turn, the team is made accountable to support the creative genius of individuals as they strive to contribute the best for the team. This has been described as *Co-Opetition*.

At Lego, maker of popular children's toys, there is no problem in finding enough individuals to generate enough ideas. The challenge lies with the "business system" or community, which has to translate those ideas into the reality of viable products and services. It was not unusual for the community or system to impede the realization of good ideas, especially where ideas came from

senior people, while juniors were expected to be concerned solely with implementation.

Christian Majgard, marketing member of the management team of Lego, has made a vital intervention. While ideas originate with individuals, it is **insufficient** to simply pass these down for subordinates to implement, who are inhibited in their criticism. It required consultants to be hired to legitimize skepticism. Instead, the originator must work **with** critics, implementers and builders of working prototypes to help to debug his idea, where necessary.

Majgard has seen that it is ineffective to give high status to the idea (rather than to its implementers) or else defective ideas will continue to disappoint their backers. Realization is at least as important as idealization and the two must be reconciled. You accept testing ideas to destruction.

We can interpret this dilemma concerning individual versus community with Majgard's insight: that the membership of teams must be **diverse**, consisting of people whose values and endowments are opposite, yet these teams must achieve a **unity** of purpose and shared solutions. Once again, we have two polarized extremes where prima donnas are created and conversely, where solid, viable agreements are the result. According to Majgard, this creates the potential for producing a solution that has benefited from diverse viewpoints, novel inputs and quality that has already cleared the hurdles of skepticism.

The problem with highly diverse competing individuals is that they may behave like so many prima donnas, singing their own praises. The problem with unity and team spirit, above all, is that diverse and novel inputs get squeezed out. Majgard's reconciliation is to make the Superordinate

Goal so exciting and the process of creating new shared realities so passionate and enjoyable that diverse members overcome their differences and realize a Unity-of-Diversities, which makes the solution far more valuable.

Passion and Control

Is a good leader a passionate person or rather a person who controls his or her display of emotions? We recognize two extreme types. Passionate leaders without reason are known as neurotics. Overly controlling leaders without emotions are known as robots or control freaks. Both types are unsuccessful in a multi-cultural environment. The success of Richard Branson derives because he continuously checks his passion with reason. If we consider the less emotive Jack Welsh, we observe a leader that gives meaning to his control by showing his passion at specific well-chosen moments.

Club Med's prodigious growth had overstrained its traditional management

structure. It had become intoxicated by its self-celebrations, week after week, and was not keeping track of costs or logistics. The company's downward spiral had begun and now chronic under-investment made it worse. The company was not competent in the more neutral hard side of the business (travel, finance, logistics etc.) Resorts were not profit centers, and several had lost money without anyone realizing it. Many opened too early in the season or not early enough. Moreover, hospitality had simply been increased with no awareness of diminishing returns. The food and wine expenditure had escalated.

When it is about esprit, ambience and all the affective and diffuse aspects of life – leave it to Club Med. But this was also their under-sponsored strength. Philippe Bourguignon was very aware that he had to reconcile the neutral *and* affective necessities of Club Med. He helped Club Med to refine the art of placing immaterial experiences above the bits and pieces of the material world,

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while insuring that the bits and pieces paid off.

The wholeness of experience with its *esprit* is vital. But taken too far, (as was done in the early nineties), the personalized and unique vacation was driven to the point of destruction. It had become a vendor of incomparable experiences but it couldn't survive in a cost-conscious world. But the opposite more neutral approach – where elements are standardized into a reliable, high volume and therefore affordable holiday – would risk abandoning Club Med's founding values.

With ever advancing living standards, the separate elements of luxury and good living are accessible to more and more people. What is often missing, and is more elusive is the integration of these elements into a diffuse and affective sense of satisfaction, a *savoir vivre*. Bourguignon no longer manages villages, but a shared spirit, a seamless scenario of satisfactions, an *ambiance* or atmosphere (like Planet Hollywood or Hard Rock Cafes) augmented by food and wine.

Analysis Or Synthesis – Whose Business Are We In?

Is the leader of the 21st century a cool analytic brain, able to chop the larger whole in piecemeal chunks and strive monolithically for specific *shareholder value*? Or a person that puts everything into a larger context and prioritizes the diffuse *stakeholder value*?

At Shell, van Lennep's concept of Helicopter Quality was introduced to focus on an important quality of the modern leader – the competence to transcend the problem by elevating to higher levels of abstraction but at the same time the ability and drive to zoom in to certain aspects of the system of problems. Jan Carlzon of SAS called this integration of more specific moments with the ability to go deeper when one approaches a client *Moments of Truth*. Here also we find an important new quality of the international leader – the (competence) ability to select where to

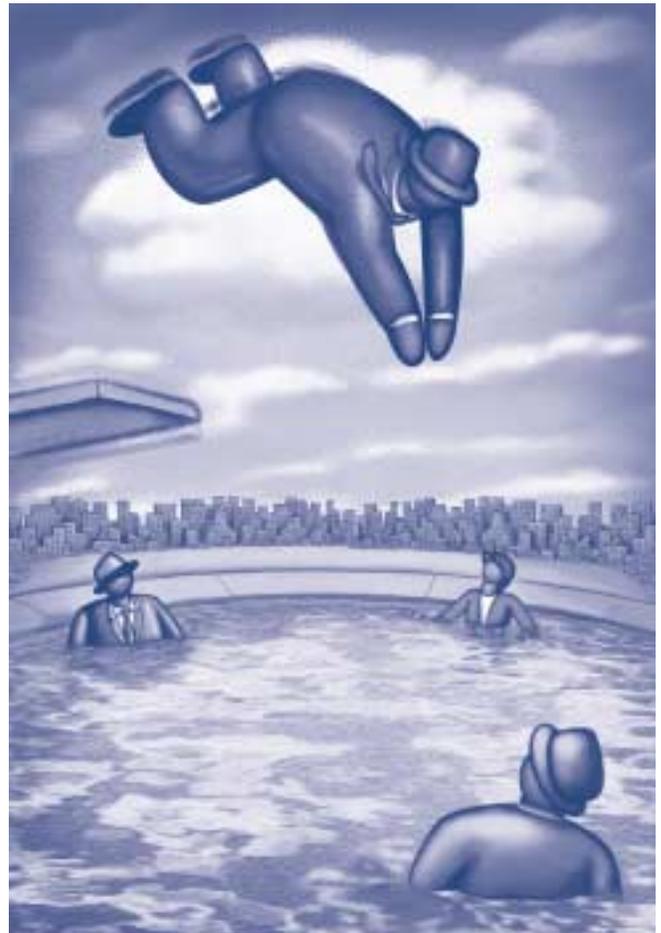
go deep. Pure analysis leads to paralysis and an overdone synthesis leads to aimless holism and protest against action.

Michael Dell has had to grasp the dilemma of selling to a broad array or to a special group with whom deep relationships were developed. His newly developed Direct Selling Model has the advantage of being **simultaneously** very broad and at the same time deep, personal and customized.

Dell broke with the conventional wisdom that you either aim for many customers or you aim for just a few clients, with complex problems and specialized needs, who need very complex high-end service. The first strategy is cheap but rather superficial. The second strategy is intimate and personal but typically niche-oriented and attracts premium prices.

The risk is obviously that if you go for the first strategy, distribution channels might clog very quickly and there is no differentiation between you and competitors. This strategy runs the risk of swamping the intermediaries. On the other hand, Dell could have focused on creating a very narrow but deep strategy with the risk of creating severely limited opportunities in small niche markets.

The reconciliation he created was as



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powerful as it was simple. By direct sales via face-to-face interaction, telephone and Internet, he reconciled breadth with depth and complexity. The genius of direct selling via the Internet is that you reach an ever-increasing spectrum of customers **and** you can use the net to give personalized, detailed, information-rich services to those customers via premium pages for each.

Being and Doing

Getting things done is important for manager performance. But doesn't the doing of vulgar and mundane things

need to be in balance with our private life? As a leader you need also to be able to be yourself. However, from our research findings we conclude that our leaders are **not different from what they do**. They seem to be one with what they do. One of the most important sources of stress is when being and doing are not integrated. An overdeveloped achievement orientation that doesn't harmonize with what the person suits in their lifestyle and themselves leads to ineffective behaviors.

We have seen in another recent book, *Building Cross-Culture Competence* (Yale University Press, 2000) that successful leaders do things in harmony with who they feel they are and vice versa. They have been able to reconcile Private and Work Life. This is not an easy way, but "the Servant Leader" doesn't only use his ascribed status to have his people achieve better. It is also used to have family life and business support each other.

Sequential or Synchronic

Effective leaders can plan sequentially but also have a strongly developed competence to stimulate parallel processes. We all recognize *Just In Time Management* as the process in which processes are synchronized to speed up the sequence. Furthermore, an effective international leader is able to integrate short and long term and past, present and future.

The Heineken tradition is big but at the same time the seeds for decay are present. For over one hundred years, it has appealed to people's taste. Historically, the company's reputation has been maintained at great cost. Recently, however, many special beers have entered the market jeopardizing the big established names in the trade.

So Karel Vuursteen's approach to innovation was cautious. He had to maintain the consistency

of Heineken's attraction. **He had to change to remain consistent**. One way of innovating in a way that's not dangerous, is to clear a space for a totally new approach that is separate from existing success and will not endanger it.

Vuursteen's dilemma is the tension between Heineken's tradition, stability and the elusive nature of its success. He very cleverly embarked on two forms of innovation, which are relatively low averse. **Process innovation** searches for better and newer means of creating the same result and reserving a Safe Area for Creation. **Product innovation** allows new drink products to be invented from scratch, without involving Heineken's premium product in these experiments.

Inner-Directed Push or Outer-Directed Pull

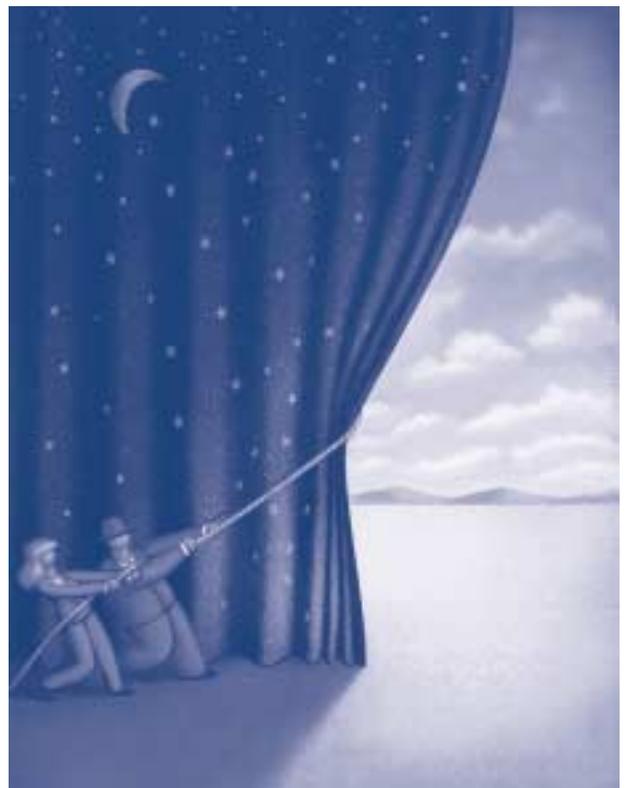
The final core quality of today's effective leaders is the competence to integrate the feedback from the market and the technology developed in the organization, and vice versa. Again, it is not a competition between technology

push or market pull. The modern leader knows that a push of technology will eventually lead to the *ultimate* niche market, that part of the market without customers. Conversely, a monolithic focus on the market will leave the leader at the mercy of its clients.

Our thinking is that values are not "added" by leaders, since only simple values "add up". Leaders combine values: a fast **and** a safe car, good food **yet** easy to prepare. Nobody claims that combining values is easy, but it is possible. A computer that is able to make complex calculations can also be customer friendly. It is the more extended systems of values that will be the context in which international leadership will prove its excellence.

Laurent Beaudoin, president of Bombardier, skillfully reconciled his dilemma in this area of inner- and outer-direction. We might even argue that the reconciliation of this dilemma accounted for much of the success of Bombardier. An acquisition strategy is an advanced form of **inner-direction** with powerful motives, steered from within. Beaudoin has created a company that looked for the rare and valuable.

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Bombardier was always looking to find this ability coupled with its opposite, the readiness to understand, acknowledge and respond to the value-creating capacity of **another system outside yourself**. Laurent Beaudoin used humility, listening and patience to learn about the companies Bombardier acquired. He reconciled the inner-directed strategy of bold new acquisitions with the outer-directed policy of respecting the integrity of acquired companies. He had to let companies he acquired share their dreams, so he could understand what was possible and of how much they were capable. The resolution of these contrasting abilities, hitting the acquisition trail and studying respectfully what you acquire, is the way of **The Acquiring Scholar**.
Can Our Model Of Cross-Cultural

Competence Be Developed Or Is It Innate?

From our extensive, reflective critique of our evidence, we conclude that this newly identified competence of reconciling dilemmas is not simply just learned or innate. It needs a systemic approach. The whole organization needs to provide a framework that supports, stimulates and facilitates people to reconcile.

We have seen individuals with high potential, yet not able to progress further than a (lose-lose) compromise because their work environment did not appreciate creative solutions. Conversely, we have found less effective individuals that achieved significant reconciliation by their stimulating and supportive environment.

How to create such an environment?

It begins with leaders who practice what they preach. And it is of utmost importance that rewards are created that motivate individuals and teams to do so.

Our message is to link reconciliation to business issues and business results and make it into a continuous process so that it becomes a way of living rather than a conceptual exercise. 

Fons Trompenaars is a keynote speaker at SAMA's 37th Annual Conference being held May 6-9, 2001 in Orlando, Florida.

Dr. Fons Trompenaars, the original founder of Trompenaars Hampden-Turner Intercultural Management Consulting, based in Amsterdam, first began to research the influence of cultural differences on cross-cultural business during his Ph.D at Wharton School Pennsylvania, USA, using Royal Dutch/Shell as his "laboratory". Now Fons is author of several best selling books, a frequent keynote speaker and is renowned across the world as the leading guru on cross-cultural values. His database of more than 65,000 respondents from all over the world is contained in the THT database, which is one of the richest resources of social constructs.

Prof. Peter Woolliams is professor of International Business at the Anglia Business School, UK and visiting professor to THT (Amsterdam). He has worked closely with Fons over the last twelve years and has been concerned with the development and analysis of the cross-cultural database including data mining and neural network analysis. He is a frequent speaker at international conferences on competence and manager development and publishes extensively with Fons.

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