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SPOTLIGHT ON THE NEXT BIG JOB

Developing Your Global Know-How

Multinationals such as Siemens, CEMEX, Walmart, and Samsung need executives with overseas prowess to manage far-flung operations. Here's how these companies cultivate the right combination of skills.

Interviews with Siegfried Russwurm, Luis Hernández, Susan Chambers, and Keumyong Chung by Cornelia Geissler, Lothar Kuhn, and Daniel McGinn

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CATHAY PACIFIC

Spotlight



ARTWORK Leandro Erlich, *Batiment*, 2004
 building facade print (backlit), 45° mirror, 26' x 20' x 40'
 Installation at la cour de l'Observatoire de Paris

Developing Your Global Know-How

Multinationals such as Siemens, CEMEX, Walmart, and Samsung need executives with overseas prowess to manage far-flung operations. Here's how these companies cultivate the right combination of skills.

IT'S A RITE OF PASSAGE FOR UP-AND-COMING EXECUTIVES: the first overseas assignment. But the conventional multinational approach—offering experienced managers plum overseas jobs with rich expat packages—is becoming less prevalent. The Great Recession has forced many companies to cut back on assignments abroad. Some firms are using shorter stints, often done far earlier in a manager's career, to give workers global experience without requiring them to relocate. Others are pushing workers to really engage with the foreign culture they're in, instead of living an insular expat lifestyle.

HBR spoke about the global talent challenge with the top human resources executives at four multinationals: Siemens, CEMEX, Walmart, and Samsung. In these interviews, conducted by Cornelia Geissler and Lothar Kuhn from HBR's German language edition and HBR senior editor Daniel McGinn, the executives explain how their companies are adapting their strategies for a changing world.

Edited excerpts of the interviews follow.

SIEGFRIED RUSSWURM ON HOW TO EMBRACE A FOREIGN POSTING



SIEMENS

Siegfried Russwurm was Siemens's top human resources executive from 2008 to mid-2010, when he was promoted to run the company's industrial sector.

HBR: How big is your pool of global managers?

RUSSWURM: We are active in more than 190 countries around the world, which makes globally minded executives vital for us. To rise above a certain management level, we require experience abroad. Generally, I divide our 400,000 employees into three groups. The vast majority work their entire careers exclusively in their home country. The second group includes managers who are sent abroad for three to five years. Finally you have a group of truly global executives, whose office could be anywhere in the world. They know that their next job will be in another different country. We have about 300 of these truly global executives. Altogether, we have about 2,000 managers who've relocated abroad—about the same number as a decade ago. Back then the vast majority were Germans. Today 38% are other nationalities.

Have the conditions for expat managers gotten worse during the global economic crisis?

No. You're not going to get rich, but we offer fair conditions. We make sure that somebody sent to Singapore, for example, can maintain the same standard of living as in Munich. However, there is no specific financial incentive to go abroad—and we don't want anybody to take the job merely for the money.

Does every expat really try to integrate into the culture of the new posting?

No. Take, as an example, a German manager who's been posted to Shanghai. You can lead a true-blue German lifestyle in China: You can live in a gated community, with German neighbors. They will

tell you where you can find a German bakery and butcher. And at work you can probably speak a lot of German, since many Chinese workers are proud that they have mastered a little of their employer's language. So when I interview someone for their next job, I ask if they maintain any contacts from their time abroad. Some will tell you they meet regularly with other expatriates they met abroad. Others will tell you about the Chinese friends they made. Those are completely different indicators of international thinking.

Are expats who return to Germany automatically promoted?

We're not allowed to promise promotions beforehand. That would be an invitation to just kick back and relax during one's time abroad. In general we offer a promise of reintegration—to try to find an appropriate position for returnees.

Do you see high turnover among expat managers, as many companies do?

No. It has to do with our company culture. It might be different with smaller companies, which can't offer expensive support for managers who are relocating. There are other factors, too. In some countries, such as the U.S., the connection to a company is traditionally not as strong, and the willingness to switch jobs can be greater regardless of whether the employee was a manager abroad.

When I interview people, I ask if they maintain any of their contacts from abroad.

SIEMENS

Total Employees

405,000

Employees Abroad

277,000

Total Revenue (2010)

\$102.9 billion

Revenue Abroad

\$87.5 billion

LUIS HERNÁNDEZ ON WHY EXPAT ASSIGNMENTS SUCCEED—OR FAIL

HBR: Who are CEMEX's global managers?

HERNÁNDEZ: Right now we have about 100 executives in our expat program. About 30% of them will stay abroad in their next assignment. Our expat program is probably the smallest it's been in 10 years. In 2005 we had close to 400, and usually we have around 200. For most of the past decade we were going through a period of very rapid expansion; then in the past two years we've been in consolidation.

Describe the average participant.

Generally these people are in their 40s or 50s. When we began expanding internationally, in the 1990s, 90% were from Mexico, but today about half are from other countries. Many serve as country managers or heads of strategic planning for a business unit.

Have these always been coveted assignments?

No. Until recently the expatriate culture in Mexico was not well developed. Motivating people to move was difficult. They'd say, "You're sending me outside my country—I'm not used to it." Moving abroad for your company is much more common in Europe and the U.S. But executives have begun seeing it as part of their career development—particularly executives between 35 and 45. They've also seen the success of people who've been in the program, and they've heard from other expats about the positive experiences. Some of the fear has started to dissipate. Today being offered an expat position is good news.

What are the financial incentives to go abroad?

Expats get a foreign service premium equal to a 10% increase in salary. Some get a hardship premium, depending on the country; it ranges from zero in a relatively comfortable posting to, for example, 30% in Bangladesh. We pay for their housing. We pay for their children's schooling up to college. There's home leave—a ticket back to their home country for the entire family once a year. There are language lessons for the spouse. And we gross up the pay of all expats, to take out the potential effects of local tax law. Say you

have an executive who earns \$150,000. This person would cost close to \$300,000 as an expat. It's expensive, but it can be very valuable. In the initial stages of the assignment, when the individual starts looking at the business and observing things from new angles and changing things to improve profits, you can get the money back pretty easily.

What's the key to a successful global assignment?

The first thing you need is a clear idea of the value the person brings to the receiving country. If the expat is going to be head of production, he needs to have very strong competence in that area. Second, it has to be someone who has CEMEX in his DNA—he has to understand the company's process worldwide. The other variables are personal and family perspectives.

Why do some assignments fail?

Typically there's a family adaptation issue. The spouse would like to move back, and that's a very difficult situation to manage. Eventually it doesn't work. Another situation is when you have an executive who's moved abroad, he's been in the position for several years, and the value of the assignment starts to diminish. There may not be another new assignment for him, and sometimes it gets difficult to bring him back to a high-level job. When that happens, we have ways out. We can put the executive into a localization program, where the expat financial package phases out and he remains in the same job. Otherwise our policy is to repatriate him and give him six months to find a position in the home market. If not, he'll leave the company.

You're describing your expat executives as male. Are there any females?

In general our executive base has a historical bias for males, given the nature of our industry. But we do have women in the program—of our 100 expats, around five are women.

Is it hard to retain these workers?

In the past couple of years, turnover has gone up a lot. When you have a program that goes from 400 people down to 100, you get a lot of turnover, because it's difficult to find space for these executives. But if we go through a normal cycle, where the number of expats doesn't change overall, the turnover reduces significantly—it's usually about the same as in the rest of the company.



Luis Hernández is the senior vice president of organization and human resources at CEMEX.

At a Glance

CEMEX

Total Employees

46,881

Employees Abroad

32,790

Total Revenue (2009)

\$14.5 billion

Revenue Abroad

\$11.4 billion

Walmart 

Susan Chambers is the executive vice president of Walmart's People division.

SUSAN CHAMBERS ON THE VALUE OF SHORT-TERM GLOBAL ASSIGNMENTS

HBR: Walmart began expanding internationally 20 years ago. How has its approach to global talent management changed during that time?

CHAMBERS: In the past, most global experiences were expat assignments. Those have been useful, and we'll continue to have expat assignments. But what we're more interested in is giving people additional experiences that don't necessarily require them to move for two or three years. One example is what I call Action Learning Groups. Say we have a specific problem we want to solve. In the past, we might have gone to a consulting group to help us. Now we're sending teams out to the region to solve it—for instance, a manager in Chile with M&A experience might be assigned to work on a deal in China. This gives people an opportunity to work cross-functionally in other countries and to gain some international exposure. We're also starting to have groups of employees do short internships in various countries to learn and share best practices. Right now these global internships last 12 weeks. In both of these programs we're trying to catch people earlier in their careers, compared with typical expat assignments.

Why do shorter-term assignments make sense?

There are a lot of people who want and need global experience who'd never get it if they had to sell the house and move the kids. Women may be disproportionately affected by these limitations. The more creativity we can bring to bear, the more we can reach down into the organization and the more women, in particular, we can get to participate.

How do these individual experiences add value to Walmart?

Consider one example. We have an associate named Seong Ohm. She's currently senior vice president of our home, hardlines, and entertainment group in our U.S. Walmart business. She just returned from an 18-month expat assignment in Japan, where she was in a senior merchandising role. She has two children.

While she was in Japan she had an opportunity to serve as a female role model, showing what it meant to be a global leader in Japan. That was enabling for the workforce there. Now she's bringing that experience back to the U.S. business, and she's mentoring a group of expats who are getting ready to go abroad. She's doing her own version of an immersion program to get them ready.

Is it a challenge to relocate global workers to and from a rural headquarters in Arkansas?

Bentonville is a great place to raise a family, and that has universal appeal. We offer a great quality of life, and I'm amazed at how international this community is today. There are certain things—unique foreign foods, for instance—we may not have. But we've continued to add amenities, and we're amazingly appealing no matter where you come from.

In November Walmart offered to acquire 51% of the shares of Massmart Holdings Limited, which owns nine retail chains in sub-Saharan Africa. This investment would accelerate Walmart's growth and expansion in South Africa. Are employees interested in assignments there?

We have had people step forward and want to be involved in that business, whether it's part of the integration team that will eventually be sent over, or whether it's long-term employment. People stop me in the hallways and send me e-mails. The same goes for India. The purpose that guides Walmart is to help save people money so they can live better, and while that's been well-articulated as an ad campaign, the "live better" part really gets our people emotionally engaged and connected. You're talking about going into countries that have not had an opportunity to enjoy high-quality goods at a price people can afford. One of the things about the global talent we have the privilege of managing is that they want to make a difference.

At a Glance

WALMART

Total Employees

2.1 million

Employees Abroad

700,000

Total Revenue (2010)

\$408 billion

Revenue Abroad

\$100 billion

At a Glance

SAMSUNG

Total Employees

190,000

Employees Abroad

95,000

Total Revenue (2009)

\$119.1 billion

Revenue Abroad

\$106 billion

KEUMYONG CHUNG ON TRAINING PROGRAMS FOR EMPLOYEES HEADED ABROAD

HBR: Samsung has a lot of global employees, but how many truly global managers do you have?

CHUNG: We consider about 3,000 employees to be our core global managers. About half of them are local employees, and half of them are Korean expatriates. The number of expats is up dramatically from a decade ago. In 2001 we had only about 800. The number of overseas employees of all ranks has nearly tripled over that time.

In general, are executives more or less enthusiastic about relocating abroad?

They're very willing. Global experience is considered imperative for career success, especially in the sales and marketing function.

When an overseas posting fails, what's the most common cause? Is there anything specific that Samsung has done to reduce the failure rate?

The most common causes are failure to adapt to a different culture, lack of competency, and lack of communication skills. To prevent unsuccessful assignments, Samsung is currently operating various education programs. We have a cross-culture training program that tries to get executives familiar with the culture they'll be entering. We're doing more pre-assignment language training. We're doing more of what we call preassignment task focus training, to get people better prepared for the specific job they'll be doing abroad. And we put expats through a leadership course during their assignment.

Are there specific markets where you're finding it difficult to place executive talent, and if so, why?

We have particular difficulty placing managers and their families in emerging regions where they are unfamiliar with the culture or there is political instability.

Are you becoming more reliant on local managers instead of expats to run your businesses?

Yes. With Samsung's higher global status and overseas business growth, the number of local team leaders has been consistently rising. From 2009 to 2010, it rose from 63% to 68%. This is a change from the past, when Samsung's overseas operations were mainly run by Korean expatriates.

Has Samsung begun offering alternatives to long-term expat assignments?

We have several shorter-term assignments to try to allow people to gain global experience earlier in their careers. We have a Region Expert program for assistant managers, who take a one-year foreign assignment to do regional research, business analysis, and networking. We have a Field Expert program, which lasts six months to one year and allows selected employees to experience working in an overseas branch and living in a foreign culture. We also try to give our foreign employees more global experience through our Headquarters Global Mobility program, which allows high-performing foreign employees to work at our headquarters in South Korea for up to two years. They observe the business style we use at headquarters and have an opportunity to experience Korean culture. ♥

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Keumyong Chung is the head of Samsung's corporate human resources planning group.



We try to allow people to gain global experience earlier in their careers.