

The Advantage newsletter

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Global Citizenship: The Leadership Advantage

By Thomas D. Zweifel, Ph.D.



Winston Churchill once famously remarked that leaders must stand above the crowds in order to see the big picture: "The nation will find it very hard to look up to the leaders who are keeping their ears to the ground." Yet that dictum may not be true

anymore. The world in which we operate has undergone several significant transformations since Churchill:

We live in a world that is democratizing. With the latest wave of democracy, for the first time in history there are now more democracies than dictatorships. Perhaps the boldest experiment in democracy is happening in India, the world's largest democracy. Historically, Panchayat (local village council) leaders used to be 98% elderly men. In 1993 the Indian government mandated that one-third of all Panchayat leaders must be women. Today, there are close to one million women in India elected to local leadership positions.

We live in a world of knowledge workers and free agents. Renowned management thinker Peter Drucker has shown that business hierarchies are flattening. He speaks of knowledge workers who often know more than you. They – and with them your organization's most important assets – leave the office every single night. How can you manage free and highly mobile agents who know more than you do?

We live in a world that is globalizing. Did you know that by 2007, the number one Internet language will no longer be English but Chinese? Did you know that by 2010, 30-40% of top management teams will not be Westerners but Chinese, Indians, Brazilians and Indonesians – representing the largest emerging middle classes?

We live in a world of virtual teams and outsourcing. The internet and the deregulation of telecoms have dramatically reduced the cost of long-distance communication. Because distance is no longer an obstacle, relationships once difficult

to maintain are now commonplace. In Bangalore, India, virtual teams provide backshop operations for multinational corporations and Indian customer service reps are trained to speak in American accents with American customers. C.R. Suman has created an American identity as "Susan Sanders." Her fictional biography is complete with her parents Bob and Ann, her brother Mark and a made-up business degree from the University of Illinois. She was trained by listening to sit-coms like "Friends" or "Ally McBeal," and was quizzed by her trainer on American movies, sports and television programs. *We live in a world of high complexity.* No one person can know everything. No one person can control everything. Some people exploit this jungle – there is corporate and social corruption, and there is transnational terrorism.

"...effective leadership must now include cross-cultural savvy."

These transformations have led to a crisis of leadership. The old Great Man style of leading has become a relic of a simpler time. If a great leader such as Winston Churchill were alive today, even he would have to adapt his leadership, and his fabled communication style, to accommodate these fundamental changes. What is leadership now? You recently read here that we each have our own definition of leadership. My definition, given the brave new world we live in, is that effective leadership today must include cross-cultural savvy. Expertise in collaborating with people from different cultures has become a crucial skill-set for leaders at all levels and in all sectors of society. Leadership requires adopting a global perspective, synthesizing diverse viewpoints, and collaborating across a wide spectrum of cultures. Like it or not, we are now all citizens of the world. As a global citizen, you must be able to parachute into any culture and get the job done – while respecting that culture's pathways. The terrorist attacks of September 11, 2001

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made even the top brass of the US military recognize this. The US Military Academy at West Point called me right after 9/11 and said "Tom, we need you over here." West Point knew that it had to train cadets not just as competent fighters, but also as competent diplomats. If you lack global citizenship competencies, what happened to the "Got Milk?" campaign may happen to you too. Marketers wanted to launch the hugely successful campaign for the Hispanic market. But "Got Milk?" came out in Spanish as

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Advice

Communicating Organization Change

By Sarah Schladen

Announcing an organization change to employees and other stakeholders is a delicate process. Here are our top ten tips for communicating change.

1. **Remember, there is no “right” way to communicate change.** Change is often uncomfortable, always emotional, and never a linear process. Be flexible when communicating any change, acknowledge that the process can be messy and reaffirm your commitment to the end goal.
2. **Why Change?** Creating a sense of urgency around the change process will increase the likelihood that your employees will be engaged. Be clear in your explanation for why the change is needed, avoiding business-buzz words. For example, when you say the organization needs to be more responsive, is it because the organization is losing market share? Go to the root of what you’re trying to achieve from an organizational behavior perspective.
3. **Know what results you want.** What’s the call to action for the communication program? If it’s streamlining the organization, say so. Don’t dance around the tough subjects.

4. **Include communication strategists at the very beginning.** Too often, qualified communicators are called in to quell a backlash after the leaks and rumor mills have run rampant. Organizations often assume that their lawyers or top HR execs are capable of communicating change when, in all likelihood, their particular expertise is more in managing legal requirements and cost cutting, not communication.
5. **Share information with employees as soon as possible.** Don’t let your employees hear about a merger or re-org from a publication or news show. Communicate the information about a pending change as soon as it is feasibly possible. Creating the impression that the organization is hiding something will hinder employee productivity.
6. **Communicate often, but communicate well.** We hear it all the time: “You can’t communicate too much.” On the contrary, your employees don’t need to know too much insignificant or insensitive information – this will desensitize them. Stay on message and prioritize what and when to communicate.
7. **Change takes a long time.** The former CEO of British Airways, Lord Colin Marshall, was

once quoted as saying, “Organization change takes a generation...at least.” Remember that a change effort starts with the announcement of an upcoming change. Changing behavior (the essence of any organizational change) is a long and complex process.

8. **Mix it up.** Organizations often focus on one method of communication during change, such as e-mail or a company intranet. Although repetition is helpful in creating an effective communication program, the more communication methods you use, the better your chance of getting your message across.
9. **Don’t confuse process – planning and meetings – with communication.** Although these processes can create change agents who can be used to propagate your message, they will not affect long term change unless used in conjunction with other communication methods.
10. **Give people opportunities to share concerns, ask questions, and offer ideas, making follow up with answers and updates a top priority.** The more engaged your employees are in the change process, the better your chance of success.

Ask Dr. Dana



Dear Dr. Dana,
I know that many companies conduct exit interviews. My Human Resources team does not. I can’t help thinking that I might be able to learn something from my

departing employees. Do you have any advice on how to use the exit interview process to gather data on how our employees feel about the company?

Sincerely,
Concerned CEO

Dear Concerned,
Exit interviews provide a window into a company’s soul and are a real opportunity for both the employer and the employee to reflect on the company’s strategy, culture and people operating system. An employee’s candor upon departure can provide the company with fresh and very valuable insight. Whether the employee’s exit is voluntary or involuntary, a properly created and efficiently administered exit interview program can go a long way toward minimizing legal difficulties resulting from an employee’s departure and can be used as a positive tool for cultural and organizational realignment. By accessing valuable data that identifies attitudes

and behaviors within the organization that can be improved or reinforced to provide better performance, a properly conducted exit interview can really get to the heart of the matter. The exit interview should be a private, business-like and open-ended conversation that encourages the employee to talk candidly about his or her time at the company, including overall impressions of the organization and opinions on the organizational design and strategy. It should allow reflection on the company’s leadership and focus on the employee’s assessment of strengths and weaknesses of the organization. Typically, the interview is conducted by a senior HR executive, a senior member of the management team who is not a direct supervisor of the employee, or an outside consultant. Try to ascertain the reasons for the employee’s departure and discover if possible, what has lured the employee elsewhere (compensation, benefits, title, responsibilities, career advancement, etc.). Understand the quality of work and the functioning of the employee’s community or workgroup and explore the employee’s work-life balance. Has the employee felt respected, developed, rewarded and treated fairly? Did the employee have the proper tools, resources, training and support to do his or her best work?

What are the employee’s impressions of management? What are the employee’s thoughts on the culture and the ability of the organization to tolerate and embrace diversity of thought? What were the roadblocks and obstacles to performance? What are the positive attributes of being an employee in your organization? What systems work well? Information collected at the exit interview should be considered confidential; results should be summarized and presented only to those who will benefit from them. Listen carefully and validate with others before taking action; be open and honest regarding the departing employee’s criticism. Embrace the positive aspects of the interview input. Showing that your organization values the opinion of departing employees will go a long way in creating good will, and will enhance your current employees’ morale by demonstrating the organization’s ability to be self-reflective. The exit interview process will demonstrate to your company’s stakeholders that your organization wishes to continue to evolve and truly values employee satisfaction. Exit interviews go far in creating an environment of open communication. A dialogue with your employees that enhances understanding is a powerful step toward becoming a learning organization.

Spotlight on the Portfolio

Three Questions for: Lori Roberts, Senior Vice President Human Resources, Pliant Corporation



Lori Roberts recently joined Pliant Corporation as SVP and Head of Human Resources. In her impressive career before joining Pliant Lori served as VP of Human Resources for Wallace Computer Services where she developed the

company's first diversity improvement plan, including taffing/promotion goals, and minority supplier development. Prior to Wallace, Lori served as Human Resources Director for the Southern Region for Cummins Engine Company where she directed the collective bargaining process with United Auto Workers for a large plant & distribution center, her efforts resulted in a contract which obtained management's work flexibility and cost objectives.

Q: Tell us a little about your Human Resources Philosophy

A: At the end of the day, human resources are the ultimate business process. As technology accelerates the availability of information, the only true, long term differentiator for any organization is its people. As the human resources leader, it's necessary to have a strong working knowledge of the business, so that you can assess whether or not your people will provide a comparative advantage over the competition.

Q: What is the biggest human resource challenge that you face in a private equity company?

A: Recruiting to a private equity company presents unique challenges. I'm often asked about the serviceability of the debt, as well

as what the potential exit scenarios might be (with the unspoken, underlying question being "what will happen to me?"). I approach the topic very openly and use it as an opening to discuss the short and long term financial picture. Many people are very excited and motivated by the situation, but others are cautious.

Q: How would you describe your communication style?

A: I once supported a very strong COO who was the best organizational communicator I have seen. We were in the midst of a significant change effort, and he had boiled the imperative down to three points. He made the same three points every time he spoke, from union grievance meetings to analyst meetings to product reviews to retirement dinners. He would modify it a bit to meet the needs of the audience, but he was relentless in stating his case every chance he got. After a few months of working with him, I saw the company start to 'get it'. Since that time I've tried to model this style, but I'm still not there.

Pliant Corporation is a leading producer of value-added film and flexible packaging products for personal care, medical, food, industrial and agricultural markets. The Company operates 25 manufacturing and research and development facilities around the world, and employs approximately 3,250 people.

Interested in being featured in our portfolio company spotlight? Please send a short note to: theadvantage@jpmorganpartners.com

Book reviews

Book Description

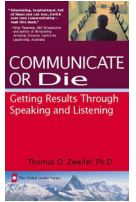
Communicate or Die. Getting Results Through Speaking and Listening

Dr. Thomas Zweifel

This short, yet powerful book about the urgent need for better communication in business and in life is an excellent resource for leaders at all levels. Dr. Zweifel illustrates his message with striking examples of corporate and political communication failures and successes. Making the case that master

communicators can lead their company to greatness, while sub-par communicators are often their own worst enemy, Dr. Zweifel creates a compelling argument that the ability to communicate is in no way a "soft skill." With easy-to-use tools such as the seven steps to masterful listening and examples including the seven deadly sins of speaking, as well as an incredibly helpful "trouble shooting manual." *Communicate or Die* is a highly thought provoking and stimulating read.

Thomas D. Zweifel is CEO of Swiss Consulting Group and a professor of leadership and cross-cultural management at Columbia University.



Book Description

The Transparency Edge. How Credibility Can Make or Break You in Business

By Barbara Pagano and Elizabeth Pagano

According to Barbara and Elizabeth Pagano, a clear and open business policy is your most powerful business tool, and they have the data to back it up. In *The Transparency Edge*, leadership expert Barbara Pagano demonstrates that transparency is more than just a policy - it is a powerful skill that leaders can use to make their organizations more competitive.

The Transparency Edge is based on research derived from a database of leadership assessments of senior and upper-level management in Fortune 500 organizations and government agencies.

Backed by this research as well as leadership case studies, Pagano outlines nine key principles for earning credibility: be overwhelmingly honest, gather intelligence, compose yourself, let your guard down, know the difference between relative and absolute promises, deliver the bad news well, say you're sorry, never use destructive comments, and show your appreciation.

Successful transparency isn't simply "telling all"; according to Pagano, leaders must cultivate a sense of how much information their subordinates can handle, as well as learn how to deliver that information in a respectful and direct way.

Barbara Pagano, Ed.S., is an advisor, facilitator, and corporate leadership university faculty member to small businesses and Fortune 100 companies like American Express, The Coca-Cola Company, AT&T, and Target.

Elizabeth Pagano, a writer and leadership coach, is a former award-winning business reporter and columnist, covering a range of industries, decision-makers, and workplace issues of Fortune 500 companies and small businesses.

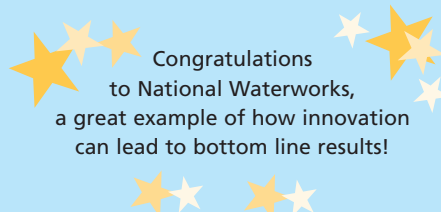


Best Practices in Performance Management: National Waterworks

As CEO of JPMorgan Partners' portfolio company National Waterworks, Harry Hornish is a man on a mission, a mission of constant improvement. National Waterworks provides municipalities, contractors, and public and private water systems with the widest range of water and wastewater related products and services. NWW has over 130 branches in 36 states and a fleet of more than 400 delivery vehicles, superior service and fast delivery account for the company's success.

Driving extraordinary employee performance is an innovative performance management system created by Hornish and implemented by his HR team, headed up by VP of Human Resources, Joe Walker. This new performance management program has led to some of the industry's highest gross profit margins per employee...more than double the industry standard.

Taking the concept of rewarding employees for excellent performance, Hornish & Walker implemented a performance incentive plan where 10% of all monthly operating profit, over each branch's target number, is contributed to a performance fund. This performance fund is then distributed annually to eligible employees. According to Hornish & Walker the plan has been instrumental in refocusing employees on key productivity standards which led to their impressive numbers.



Communicate

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“¿tienes leche?” (“Are you lactating?”).

You may laugh at such communication mishaps; but they can have billion-dollar consequences. A global leader in packaged software has been battling an “image problem” in key Asian markets. When the company first launched their flagship product in mainland China, they hired Taiwanese programmers to alter and update their code. The company, apparently unaware of the strained relations between the two cultures, missed the subversive political phrases (such as “Take back the mainland” and “Communist bandits!”) that the Taiwanese programmers surreptitiously inserted into the software. This diplomatic gaffe quickly became a strategic disaster resulting in the Chinese government actively supporting the introduction of a popular open source competitor. (When American executives showed up at a key meeting with Chinese leaders in jeans, that didn’t help either.)

How could this happen? The managers in charge did not thoroughly understand the cultural differences of their target market; they did not try to see the world from their hosts’ perspective; and they missed key areas of cultural sensitivity.

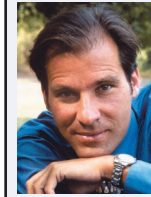
How can you lead across cultures? Here is a selection of tips:

- Find the gate to the village if it is fenced in. Do not take the village by storm.
- Don’t take English for granted. Remember that English is rarely the first language of your international partners. Avoid American-style sport metaphors (“slam dunk” or “step up to the plate” just don’t cut it).
- Remember that your advice is noise in their ears unless they want it.
- Follow up on promises and agreements. “I heard you say the package would be here by 3 p.m. and it is not. I am puzzled.” Do not

accuse, but inquire until you are satisfied.

- Know that you will make mistakes; the question is how to recover. (Remember Nelson Mandela: “The greatest glory in living lies not in never falling, but in rising every time we fall.”)

This article is based on *Culture Clash: Managing the Global High-Performance Team* (SelectBooks 2003, Global Leader Series) by Thomas D. Zweifel. Dr. Zweifel is CEO of Swiss Consulting Group (www.swissconsultinggroup.com), a New York City-based global coaching company harnessing human competencies – leadership coaching, effective communication and cross-



cultural strategy – for breakthrough results. A dual citizen of the United States and Switzerland, Dr. Zweifel teaches leadership and intercultural competencies at Columbia University and in workshops for Fortune 500 executives.

Human Capital is Nothing...

By Seth Godin

Human Capital is Nothing But Communication

If your stakeholders (employees, customers, stockholders and prospects) understood your message all the time, business would be great! Jobs would get done correctly, customer satisfaction would rise and market share would increase. But it’s the breakdowns we notice and the slowdowns



“Communicating is nothing but the transfer of emotion...”

that cost us. Communicating is nothing but the transfer of emotion, and all too often, we sabotage ourselves.

It’s not just the words we say or write or put in those PowerPoint bullets that communicate. Most of the time, people never hear the words. They get stuck on the way we say them. It’s all about the delivery.

A PowerPoint presentation filled with bullets and text delivers almost no knowledge (and transfers zero emotion). That same presentation filled with memorable and emotional images can stick with the recipient for years.

A form filled with imperatives (Absolutely No Exceptions!) and CAPITAL LETTERS is off-putting and intimidating long before the employee even bothers to understand that you’re offering a benefit, not implementing a tax. The way your HR people answer the phone has more to do with employee satisfaction than your reimbursement of travel expenses!

Prospects ignore your unsolicited ads long before they get to the actual features your product offers—they view your interruptions as spam, because you’re delivering them in a format they don’t want to get, in a way they don’t want to receive it. Ads delivered with permission to people who want to get them outperform other ads fifty-to-one.

The solution is simple (but not easy):

1. Recognize how important communication is and resolve to invest time and money to do it better.
2. Hire a professional designer to create a template for your presentations, your forms, your memos and any other documents you create. Don’t interfere. Don’t insist on jamming as much as possible into every square inch of real estate. Spend

more than you think you should—once you’ve got the template, you can use it again and again.

3. Make it easy for people to forward your documents (make them electronic or easy to run through the copy machine) and encourage them to spread the word.
4. Communicate with permission, not spam.
5. Spend time with a coach or presentation consultant, focus on communicating effectively.

Remember that people, alas, have better things to do than to read your latest urgent missive, listen to your latest overlong voice mail and print out and file your most recent e-mail about new policies and procedures. Communication ignored isn’t communication at all, is it?

SETH GODIN is the author of five worldwide bestsellers. His new book is called *Free Prize Inside*. You can find out more and get his free bestselling e-booklet on *PowerPoint Really Bad* PowerPoint by visiting www.freeprizeinside.com.

