

EXECUTIVE INSIGHTS

Written by Vincent Gauthier

Developing leaders in the Asian business landscape
Week 4
Business strategy and leadership

Identify if the company is expanding or consolidating, as the mindset to handle those paths is different



ILLUSTRATION: WINNIE HO

Making the right move

Once companies have a clear idea of what leadership means for them, they can examine what skills they need to guide their business strategy. The strategies and the skills will differ depending on the industry and the type of organisation.

So, if leaders are to be effective, it is vital to ensure they possess the appropriate attributes and qualities, and are also the right person for that time and place.

You can usually define the strategy of most companies by reference to a scale that goes from all-out expansion and pursuit of market share at one extreme to maximising earnings, cutting costs and squeezing returns on investment at the other.

It is obviously impractical to try to do both at the same time. Some leaders have shown themselves in the course of a career to be equally adept at operating at any point of this scale.

However, they are generally better suited to a certain style of business management and prefer it when they have the chance to play to their strengths.

This situation comes into focus particularly when managers transfer from a mature business in a market with limited potential to a typically high-growth environment such as China or India.

Their first instincts are to think about tighter budgets and process controls but, while doing that, they may be missing untold opportunities and losing to the competition in the race for new contracts or a bigger market share.

There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in the introduction of a new order of things

Niccolo Machiavelli
Excerpt from *The Prince*, by 15th century Italian political philosopher

That is a common enough scenario these days. In my capacity as a consultant, I have seen many high-flying executives have trouble coming to grips with what their company is doing in Asia.

They relocate from company headquarters in North America or Europe, but just have not realised how fast things are moving on the ground and what it takes to maintain or accelerate that rate of momentum.

For someone whose mindset and experience is all about reducing headcount, it can be almost impossible to "control" a situation where a new office or factory requires perhaps several hundred extra staff by the end of the quarter.

One company I am working with has a strong emphasis on increasing revenue and market share. The management has made it a priority to pursue aggressive sales tactics and acquire other businesses. The aim is to grow the Asian business as fast as possible, and the company is clearly ready to

invest a substantial sum to make this happen.

Contrast this with another client which already dominates its market and can expect only limited sales growth.

Its emphasis is now to optimise productivity, ensure the correct product mix, and tightly monitor labour costs and other expenditure.

These two companies have different types of leaders. Whenever I visit the first, everything is about speed, out-thinking the competition, weighing up deals and risks, and securing new clients.

With the second, things move more slowly, in line with the company's focus on consolidation, improved profitability and sustained returns from core customers. Existing processes are being changed – but one at a time.

Fortunately, each of these companies has a leader with the right characteristics for their role. These, though, also set them apart from the sort of person who is best at leading a company through a period of significant internal change.

In any organisation change is a constant. However, the rate and intensity vary considerably and it takes a different range of leadership skills to handle transactional as opposed to transformational change.

The former can be described as incremental, step by step, or linear. The latter is far more radical, but may be essential if a company is to successfully integrate new technology, adapt to an altered business environment, or deal with the aftermath of an acquisition or merger.

In view of this, senior executives must be sure about their strategy and know how their organisation should evolve before instigating a policy for developing future leaders.

If they are intent on pursuing a high-growth strategy for the next 10 years, it will require leadership competencies such as vision, risk-taking, innovation and the ability to drive sales.

Alternatively, a strategy to achieve better returns from present operations will require competencies in risk and process management, patience and more of an eye for detail.

An added element to consider in Asia is what kind of leader will be best suited to a regional role with responsibility for diverse business units and different countries.

One unit may be achieving rapid growth and absorbing massive investment; another may already be mature and acting as a "cash cow" for the organisation.

Similarly, one country may offer fantastic opportunities, while another is just ticking along or hardly merits a look.

Four-step process to find future leaders

1 Identify all the key leadership positions in your organisation. This might be limited to the chief executive and people reporting directly to him or her but, more likely, it will also include technical staff and individuals with extensive market knowledge and industry experience.

2 Assess which functions will become more important in future. If, for example, your company is growing rapidly and has plans to expand into new markets, decide which positions will take on a higher profile in the next three years.

3 Determine if you have suitable successors in place for each key role. Consider if they are ready to step up now, or could only do so in six months or a year. You should also think about who will come after that. It is not enough just to have in mind immediate successors for top management. You must look beyond that and keep thinking ahead.

4 Decide whether you should groom or hire. It may be necessary to accelerate the development of individuals to fill a gap or to recruit externally to meet a pressing need. If bringing someone in from outside, start planning early, so you know where to look and how to integrate new recruits and make them feel part of the existing corporate culture.

Each will require a leader with different key competencies to implement the desired strategy but, at a regional level, the crucial thing is to find a leader whose predominant strengths lie in the right area to take the overall company forward.

Doing this successfully is usually the culmination of a lengthy process that involves training, retaining and properly rewarding future leaders.

Part of that is to ensure that up-and-coming executives know what is expected of them and that they are clear about the company's long-term goals.

Remuneration should also be aligned with performance and expectations because nothing ruins a succession plan more quickly than an exodus of disaffected executives who realise they can do better elsewhere.

Typically, the best companies now use a combination of "stretch" project assignments, job rotation, coaching and executive development programmes to assess and groom their future leaders.

It can also make a big difference if they have regular opportunities to come into contact with the current leadership.

In this way they can gain insights into what it really takes to run the business and understand the sort of challenges that may lie ahead.

This can be done informally or by senior executives agreeing to act as mentors to monitor performance and provide help as required.

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On the web visit www.classifiedpost.com/opinionpoll to participate in our online poll: "Do you feel like your organisation has the leadership succession for the future?" The results will be published in this column.

HR Trends Written by Caitlin Wong

Diverse needs require focused attention

Staff development and training used to be regarded largely as a second-line supporting service but is now an essential element of strategic planning for any business – including the government.

The Hong Kong government has a challenging task meeting the training and development needs of more than 160,000 civil servants. These employees are engaged in a diverse range of duties and are spread across more than 70 bureaus and departments, each with different corporate priorities. This adds to the challenge of the task, which falls on the shoulders of the Civil Service Training and Development Institute (CSTDI).

The institute provides one-stop professional services to help departments with their strategic human resources planning, meet staff development needs and tackle specific training issues. It uses a proactive and versatile approach to address department needs with customised advisory and consultancy services, e-learning and other new staff development techniques, in addition to conventional classroom training.

Senior training officer, Monsze Chow Mon-sze, said government departments and private sector organisations faced similar human resources challenges.

"At the corporate level, many government departments have undergone, or are undergoing, restructuring which involves strategic planning and changes affecting human resources management. On the operational level, civil servants are now very service-orientated, and face rising public demand and expectations. "Our objective is to help departments meet operational needs such as staff training and corporate development challenges with effective human resources strategies and measures. We work in close partnership with departments focusing on a number of themes: managing change, developing leaders, managing performance and enhancing service," she said.

The institute has a head office staff of about 50, and 20 more officers on secondment to departments.

Chief training officer Ronald Ho Kwai-yick said that, as government trainers, he and his colleagues had to be resourceful in assisting departments engaged in specialised or unique spheres of operation. Each training officer handled an average of five to seven departments at any one time, and had to be aware of the needs of each client.

Where required, the institute will second its officers to individual departments to provide first-hand assistance over an extended period.

Karen Yam Lau Chi-ka, senior training officer, said one of the major human resources challenges faced by the management was how to change the mindset of resistant staff and win them over to a more service-orientated culture.

"This started in 1996 and has not been easy because the change required was quite drastic. But looking back now after more than 10 years, I must say the change in attitude and the corporate culture has been impressive," Mrs Yam said.

Mr Ho said to ensure that its advice and services were in line with industry practices, the institute maintained regular contact and exchange with relevant private sector and professional parties.

Officers often find themselves working in unusual environments, such as border checkpoints.

"We need to keep abreast of current affairs and the community's latest developments which all affect the training needs of civil servants. Issues like gender, equal opportunity and ethics are particularly relevant to civil servants," he said.

"When we go to shops and service outlets, we pay special attention to how the staff there serve customers to see if there is anything we can bring back to share in our training classes."

Mr Ho said it was most important that staff approached their work with passion and commitment.

"It is always on our mind that, as civil servants, we need to do better than the private sector. The public expects good service from civil servants because we use public money, and we try to help colleagues achieve this with our own dedicated service."



Karen Yam (Left) and Monsze Chow of the CSTDI. Photo: May Tse

QuickFixes

Mentors bring depth and maturity

Some of my top staff are in need of guidance from a mentor. How do I go about setting up a mentorship programme for our team?

Employee mentorship is an important component of any successful organisation. Employees often require direction and counselling in their work and guidance in their career and personal development. They should have access to a mentor whenever they need to speak to one.

Finding a suitable mentor for an employee depends on the employee's needs, and also on his or her personality, strengths and weaknesses. A mentor can be recruited internally or externally, and should be in a senior position.

It is usually the human resources manager or general manager who decides on the choice of mentor.

If the mentor comes from within the company or organisation, he or she should ideally be part of the senior leadership team.

Mentor and employee should meet on a regular basis and build up a working relationship. The frequency of the meetings and the venue (the setting could be either formal or informal) should be established. The meetings should be documented and be part of an HR initiative.

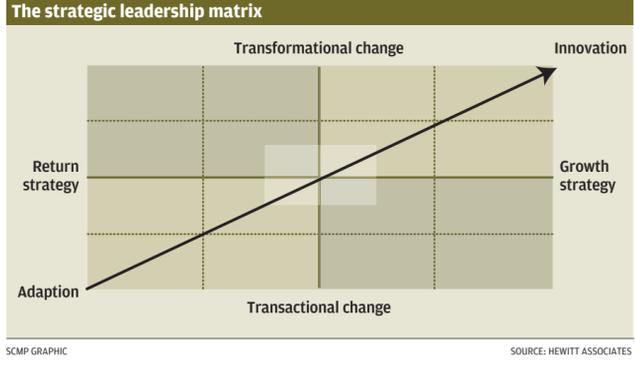
There is usually a cost involved if the mentor or executive coach is recruited externally, because this would be a professional service.

Essential skills and qualities expected in a mentor include credibility, creativity, management perspective and development orientation.

Ideally, every employee should be assigned a mentor. Some organisations also have a "buddy" system that encourages the employee to go to a designated person for advice or help. The "buddy" can be from a different team and does not necessarily have to be in a senior role.

What is important is that the employee feels comfortable enough to confide in this person.

Mentorship can bring depth and maturity to the decision-making process, especially in the case of young or new employees.



SCMP GRAPHIC SOURCE: HEWITT ASSOCIATES

Your story

In response to Classified Post's contest asking readers to send in their leadership stories, Paco Tsang, of Kowloon Tong, describes how he boosted productivity by empowering frontline workers at his firm.

I am a leader of a consultancy firm responsible for the supervision of contractors in carrying out construction work in scattered areas all over Hong Kong and outlying islands.

It is difficult for me to handle every single problem on site as we have to carry out supervision works on many difficult locations at the same time.

To deal with this, I inverted the normal organisation chart. Frontline staff, such as works supervisors, are given independence and responsibility to carry out their assigned tasks.

The jobs of people that are normally considered higher up the corporate hierarchy,

such as inspectors and assistant engineers, now serve more of a support role, with less emphasis on the managerial aspect.

I am located at the lowest part of the organisational structure, providing support for all these people above me.

The good thing about this sort of arrangement is it enables the frontline staff to take up the responsibility for carrying out supervision works independently.

To adopt the above arrangement of staff allocation, I have also arranged regular meetings to make sure people understand each other and to ensure better monitoring and control of the site supervision.

Every Monday morning, I would have a regular meeting with all the staff. This gives frontline staff the opportunity to report on the progress of the work on site, and for them to express their views on any difficulties

encountered on site so that I can provide appropriate support to them.

Every Friday or Saturday evening I provide regular training to reinforce supervision skills and to enable them to have a better understanding of the specific site supervision works.

I have tendered many contracts since I implemented this approach, and I have found it to be very successful.

Your chance to win
Tell us about your interesting leadership-related stories in the workplace for a chance to win a copy of *Make the Right Move*, a guide to help managers become better decision makers. Winning entries will be published in Classified Post. Send your entries, which should be no longer than 250 words, to editor@classifiedpost.com, with the subject "Executive Insight Contest".