

THE CHANGING ROLE OF THE REGIONAL GENERAL MANAGER IN TODAY'S GLOBAL TCM BUSINESSES

In recent years, Spencer Stuart has supported many global technology, communications and media companies with their leadership succession in Europe. The critical leadership role of regional general manager is an increasingly demanding one which we felt deserved some careful scrutiny.

We decided to talk to the regional general managers of 12 global companies to find out how their role has changed, identify the key tasks they perform, establish the nature of the relationship between corporate and the region, and pinpoint the skills required to do the job effectively.

While the scope and accountability of the role is a reflection of each company's attitude to its regional business, we have identified a number of trends that shed light on how the role has evolved, where the priorities lie, and what kind of people are best suited to taking up a regional leadership position.

Key findings at-a-glance

- > TCM companies have adopted a more global structure
- > Strategy is defined at the centre, with the regions focused on implementation
- > There is intense pressure on regional leaders to deliver financial results
- > The most critical tasks for regional leaders revolve around team selection, executing strategy and delivering the numbers
- > HQ and the regions must strike a careful balance:
 - decentralisation can lead to duplication
 - overcentralisation weakens connections with the customer
- > Resilience, motivational skills and business insight are the critical personality traits for regional leaders
- > Financial rewards reflect the scale of the team rather than revenue responsibility

Changes to the role

The overwhelming consensus among regional leaders is that their companies have moved from a multi-regional approach to a global one, something that is particularly evident at the functional level and in terms of sales process management. One leader remarked that his company had “become more US-centric, rather than recognising the differences between markets”, while another observed that the trend towards centralisation had led to greater complexity in the matrix structure of the organisation.

In most cases, local autonomy is limited, with the emphasis placed on integrating the region into global strategy. The primary focus is on achieving revenue goals, although with margins getting tighter and customer expectations higher than ever, leaders are having to spend far more time on detailed financials to ensure that they deliver the returns expected of them by head office.

One advantage of a more unified, global approach to managing the business is that regional leaders feel themselves to be part of a wider team, more so than when the regions were left to make most of

the decisions for themselves. As one put it: “The executive committee works far more cohesively now — I am part of the bigger corporate picture, looking beyond the region.”

Not every company has responded to globalisation by exerting greater central control on the regions — the pendulum had swung from independence to central control but has returned to a state of equilibrium. These regional leaders have more levers to pull, such as the ability to move people around into key roles and put decision-making closer to the customer.

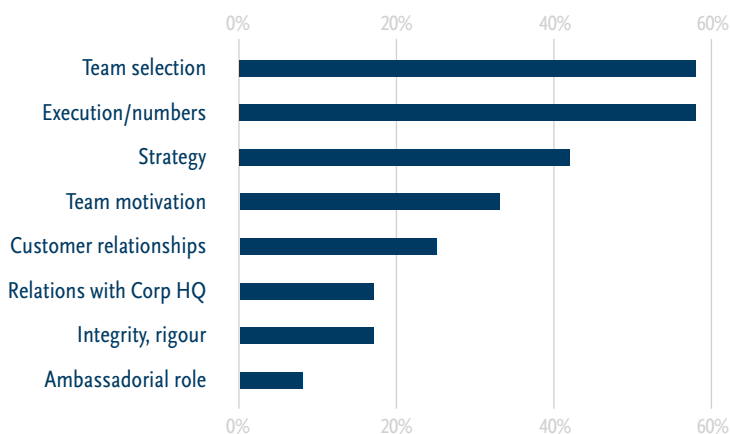
The critical tasks

Selecting the right team, communicating and executing strategy, delivering the numbers and winning the trust of HQ are the critical tasks of the regional leader.

Many general managers consider that creating the optimal structure for the regional organisation and putting the right people into the right jobs is their main responsibility. These are the building blocks of a successful regional operation — essential for winning the trust of HQ, something that matters a great deal to the regional leader.

One European GM of a product-oriented software company decided to bring in talent to lead a more sophisticated sales operation in response to the pressure to meet aggressive revenue targets. Another leader remarked that his own role had become far more sales-oriented of late: “80 per cent of my time is getting the deals done.”

The emphasis on revenue growth reflects a highly competitive environment and the inexorable shift from a Western-centric to an Asian-centric technology world. The combination of a tough macro-economic situation in Europe and the increasing strength of technology and telecom players in AsiaPac makes it harder for European GMs to secure the resources necessary to improve sales coverage.



CRITICAL TASKS OF THE REGIONAL GENERAL MANAGER

This chart shows the percentage of regional general managers in our survey who rated each activity as a critical task.

Several regional leaders acknowledged that after a sustained period of cost-cutting and retrenchment, they needed to take a close look at their senior management team, many of whom had been around for a long time. They described a growing emphasis on individual productivity and saw their task as keeping their best people motivated, while bringing in fresh talent — a challenge that demands sensitivity, but one that is absolutely essential for achieving profitable growth and maintaining customer satisfaction. Just as important is putting a succession plan in place to ensure bench strength over the long term.

Having a clear strategy and communicating it effectively is vital in a region as large and varied as EMEA. It is easy for strategic direction to get 'lost in translation' and for values to be eroded, so an important aspect of the regional leader's role is to ensure discipline, rigour and financial integrity is present throughout the organisation.

For those European GMs with a degree of autonomy, choosing which of many possible growth initiatives to invest in requires vision, cultural savvy and an intimate knowledge of the business. It is clear that most regional leaders relish not only the influence they can have on global strategy, but also the discretion they may be granted when putting that strategy into action on the ground.

Another critical aspect of the regional leader's role is the need to act as an ambassador for the company, not just with commercial partners but with gov-

ernments and regulatory groups. Developing such relationships can open doors and prove extremely useful in a defensive sense when difficulties arise that are beyond the scope of commercial solutions.

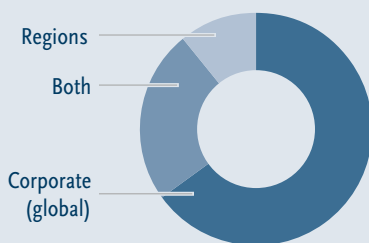
Key skills and characteristics

Regional leaders require a great deal of resilience. The job is fulfilling in many respects, but it can also be lonely. Geographically disconnected from HQ and with a constant travel schedule, there is a fine balance between absorbing pressure and passing it on in a constructive way to team members across the region.

Remaining calm in adversity and upholding the highest integrity and ethical standards through tough periods will test even the strongest and most capable leader. Establishing consensus across the region matters, but so does knowing when to call a halt to discussion and take a decision. The European GM needs to be self-aware, always thinking about how and where improvements can be made, both a diplomat and someone who knows which battles to fight.

A core part of leadership is communicating the vision and setting the direction for others to follow. The ability to inspire trust (and a willingness to place trust in others) will prove valuable to a regional leader, who must be able to communicate effectively, judge situations and people, and unite teams — all across the cultural divide. He or she must set clear frameworks, bring discipline to bear and demonstrate relentless energy and drive.

Finally, the regional general manager must combine strategic insight with commercial instinct in order to form a clear understanding of where value is created and align the entire organisation behind that understanding. This will undoubtedly mean taking a customer-centric approach to the business and, as one leader put it, "developing a sophisticated knowledge of the eco-system in each marketplace".



WHERE RESPONSIBILITY FOR DEFINING STRATEGY LIES

This chart shows the proportion of companies where responsibility for defining strategy lies at corporate HQ (i.e. global), in the regions, or a combination of the two.

Corporate vs. region — getting the right balance

Regional leaders accept that it makes sense for a global strategy to be developed centrally, however they believe that it works best as a two-way process. There is inevitably tension between the forces of control and empowerment, but the regions must have a sense that they are part of the strategic planning process and enjoy a degree of flexibility when it comes to execution.

Open and transparent and regular communication between corporate HQ and the regions is vital — after all, head office can act as a useful sounding board. By the same token, head office should avoid second guessing, inconsistency or sudden changes in direction at all costs. A dangerous “us and them” mentality may result if regions do not feel ownership of the plan or have not fully bought into it.

One regional general manager described the relationship as follows: “The US sets the strategic goals and the financial framework for the business; these are clear and referred to constantly. The regions work within the global strategy and translate it into tasks for the country teams.”

Regional leaders who build a wide network within corporate (involving plenty of face time) are most likely to get the best out of head office and reduce the likelihood that head office will focus on its own issues without considering the impact on the regions. It helps if head office is continually assessing the value of different roles, especially the need for central functions which can sometimes grow even when the need ceases to exist. Clear accountability is important and should be the determining factor when setting roles and responsibilities.

Regular and effective communication is the basis for a well balanced relationship between corporate and the regions, just as it is the basis for a healthy and productive relationship between the regional leader and individual countries within the region. Regional leaders should avoid putting their heads in the sand over global initiatives or, worst of all, adopting the line of passive resistance — far better to challenge robustly and then, if necessary, be flexible and accommodating.

Conclusion

While there may be no perfect answer to designing the ideal role specification for regional leaders, it is critical for global TCM companies to think hard about allocating accountabilities and responsibilities that are aligned correctly. The most appropriate approaches to decision-making may change as a global company matures and as its markets develop. The key is for senior leaders constantly to reassess the organisational model that is right in their current environment and to make sure that the executives they put into those roles are fully fit for purpose.

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Spencer Stuart is one of the world's leading executive search consulting firms. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements. Through 51 offices in 27 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments.

The Technology, Communications & Media Practice

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