

THE GLOBAL LEADER

Global Strategy and Organization

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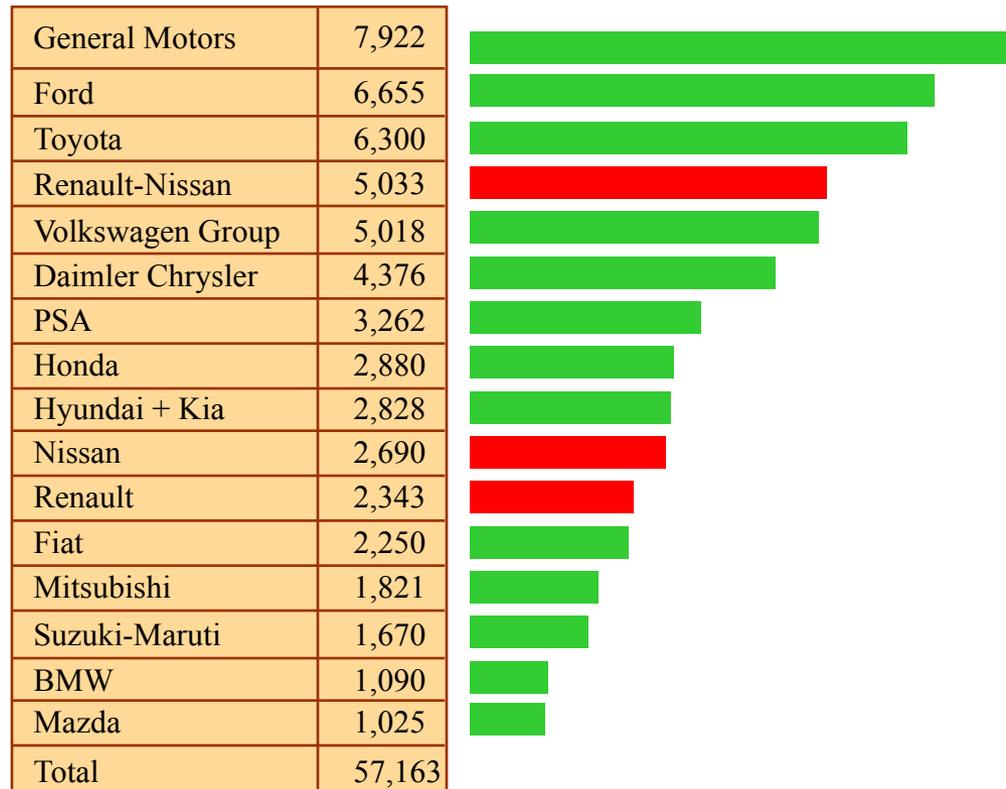
Ghosn/Nissan Issues

- Purchasing cost 12-15% > Renault
- Debt!!!!!!!!!!!!
- Slipping share
- Weak models (9 year stretch)
- Non-core assets
- Life-time complacency
- Functional silos

Nissan / Renault

World ranking of car manufactures (2002)

Production volume in thousands of passenger cars and light commercial vehicles



Source: CCFA (estimates at 28 March 2003 for US and Japanese manufactures) in Renault (2003a)

Global Scope of Auto Industry

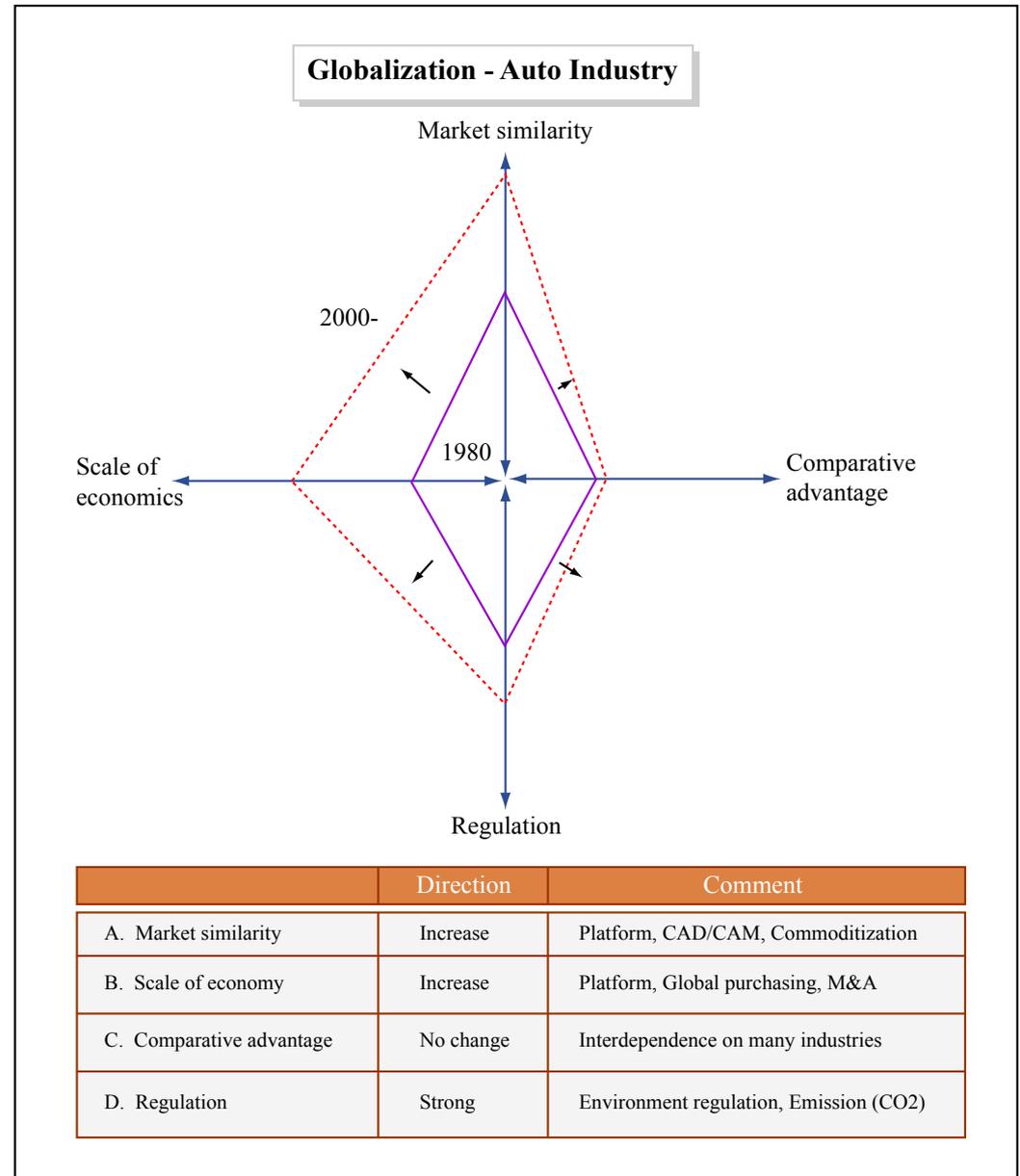


Figure by MIT OpenCourseWare, adapted from work of Shinji Ayuha.

Japanese Auto "Diamond"

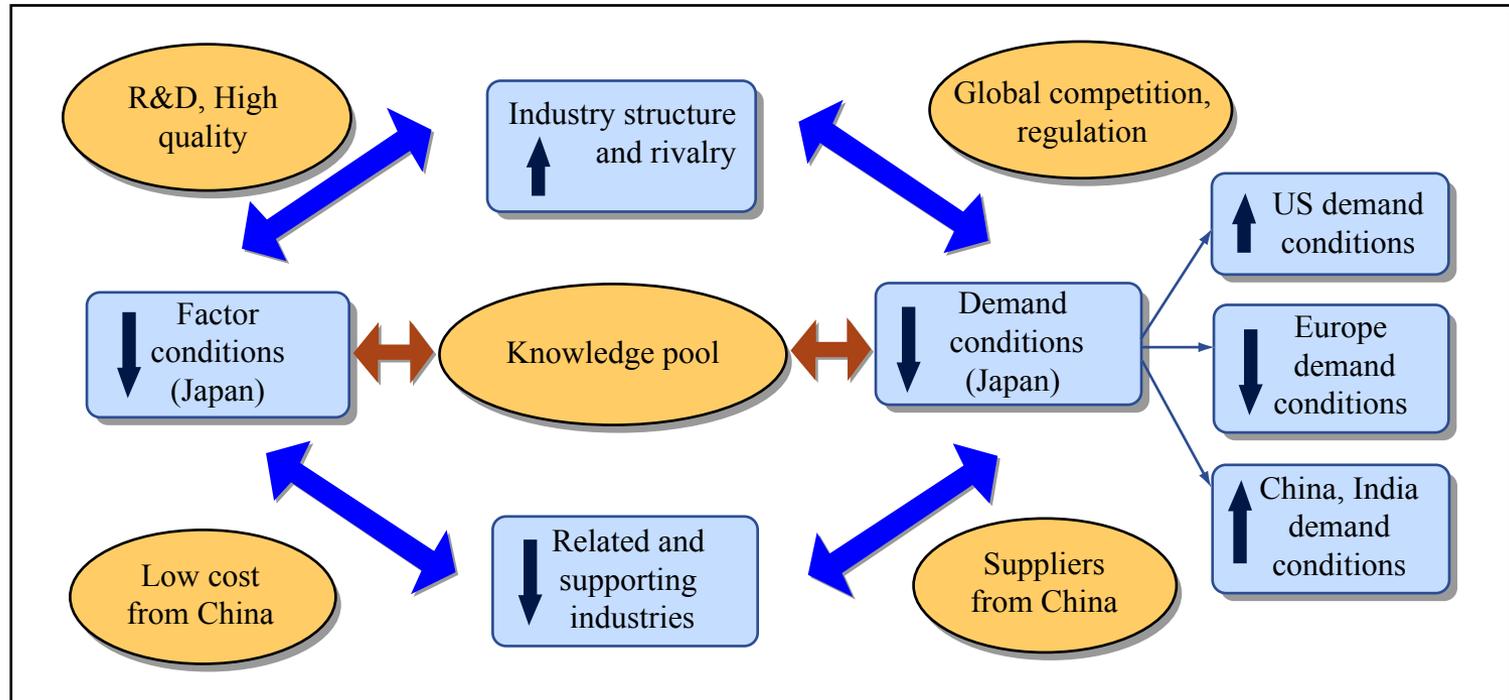
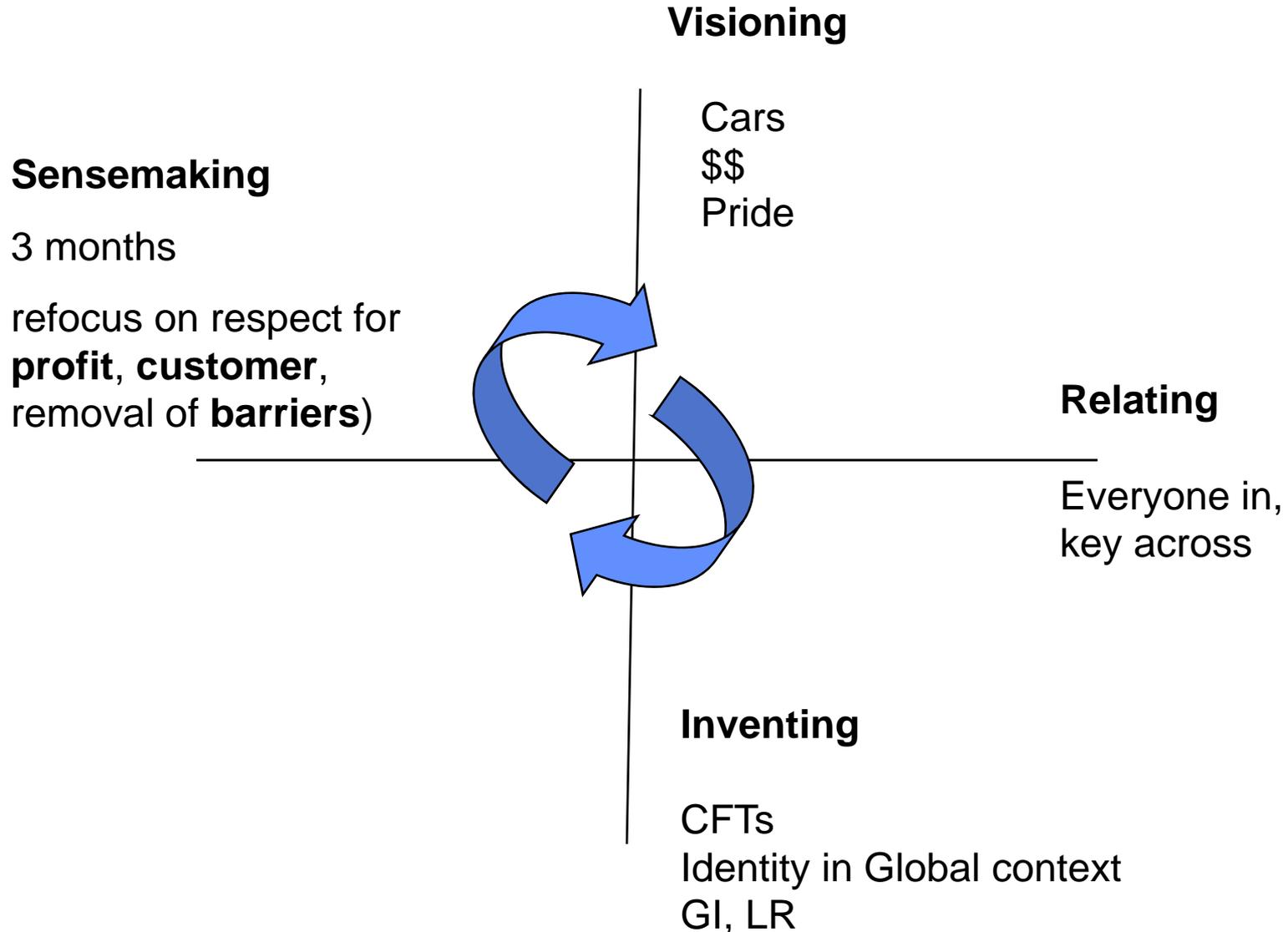


Figure by MIT OpenCourseWare, adapted from work of Shinji Ayuha.

Ghosn's Leadership



Invention -- CFTs

- 3 months
- 10 members
- Clear quantitative goals
- Cross-functional

- Described in Ghosn HBR article

Cross-Company Teams (CCTs)

- Aimed at cross-company benefits
- Open sharing
- No JVs, separate legal entities
- Appropriate benefits thru crossholdings

Architecture: Global Integration / Local Responsiveness

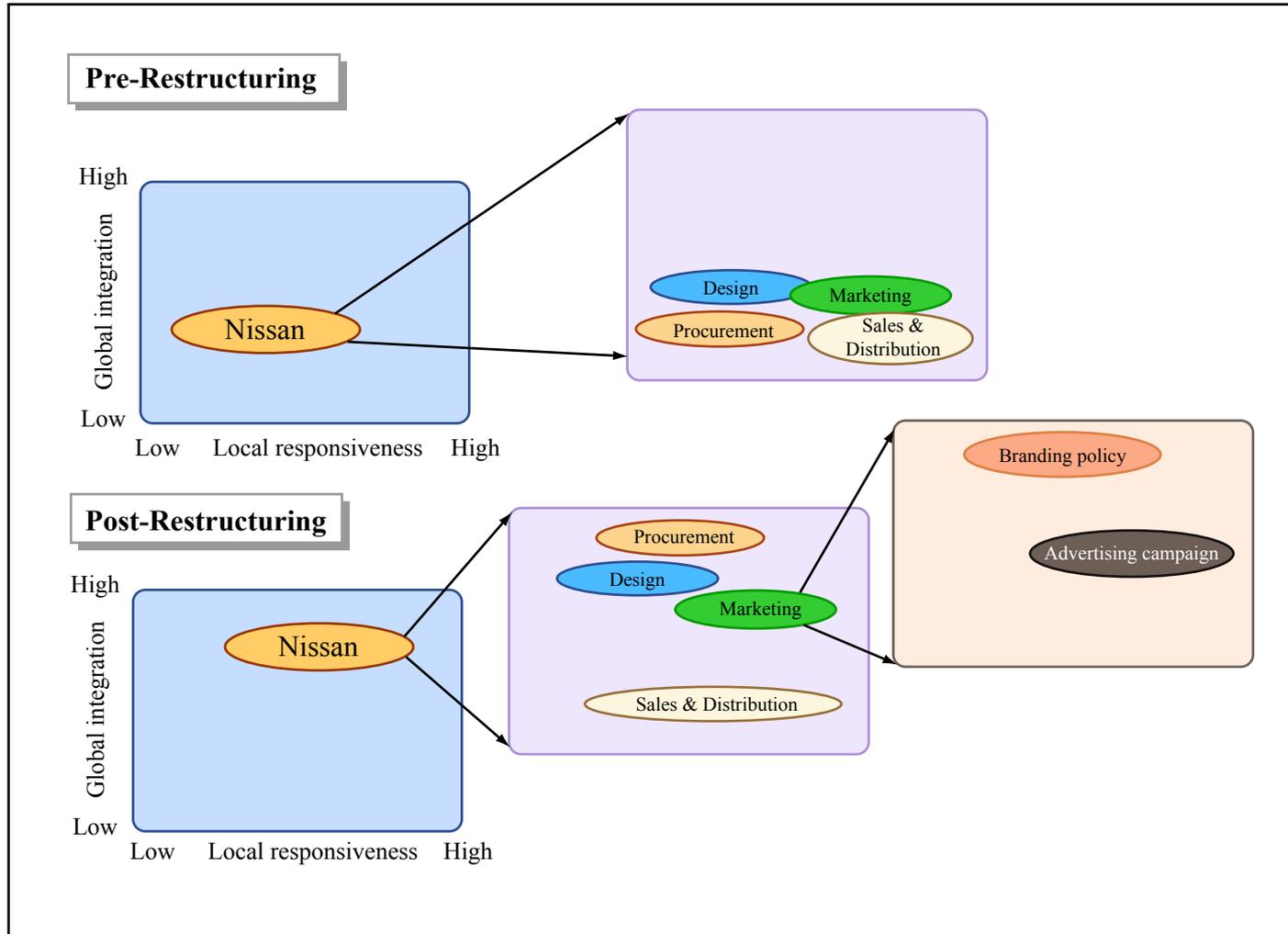


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Ghosn and Japanese Identity—SF 2006

Student responses removed due to copyright restrictions.

Global or Multi-cultural

- SF 2006
- Multicultural or Global Leadership?
If you take a manager, educated in one country, make him traveling/working around the globe, he might become a global leader. CG case triggers the question if it is his multicultural background or the fact that he has been a "global" executive which is the key to his success (in Brazil, US and Europe before assuming a new position in Japan)...or simply both, multicultural and global

What is a Global Leader?

The Business Leader

- Capture the full benefits of integrated worldwide operations
- Strategist
- Architect of its worldwide asset and resource configuration
- Coordinator of transactions across national borders

The Country Leader

- To be sensitive and responsive to the local market
- Sensor and Interpreter of local opportunities and threats
- Builder of local resources, capabilities, and relationships
- Contributor to, and active participant in, global strategy

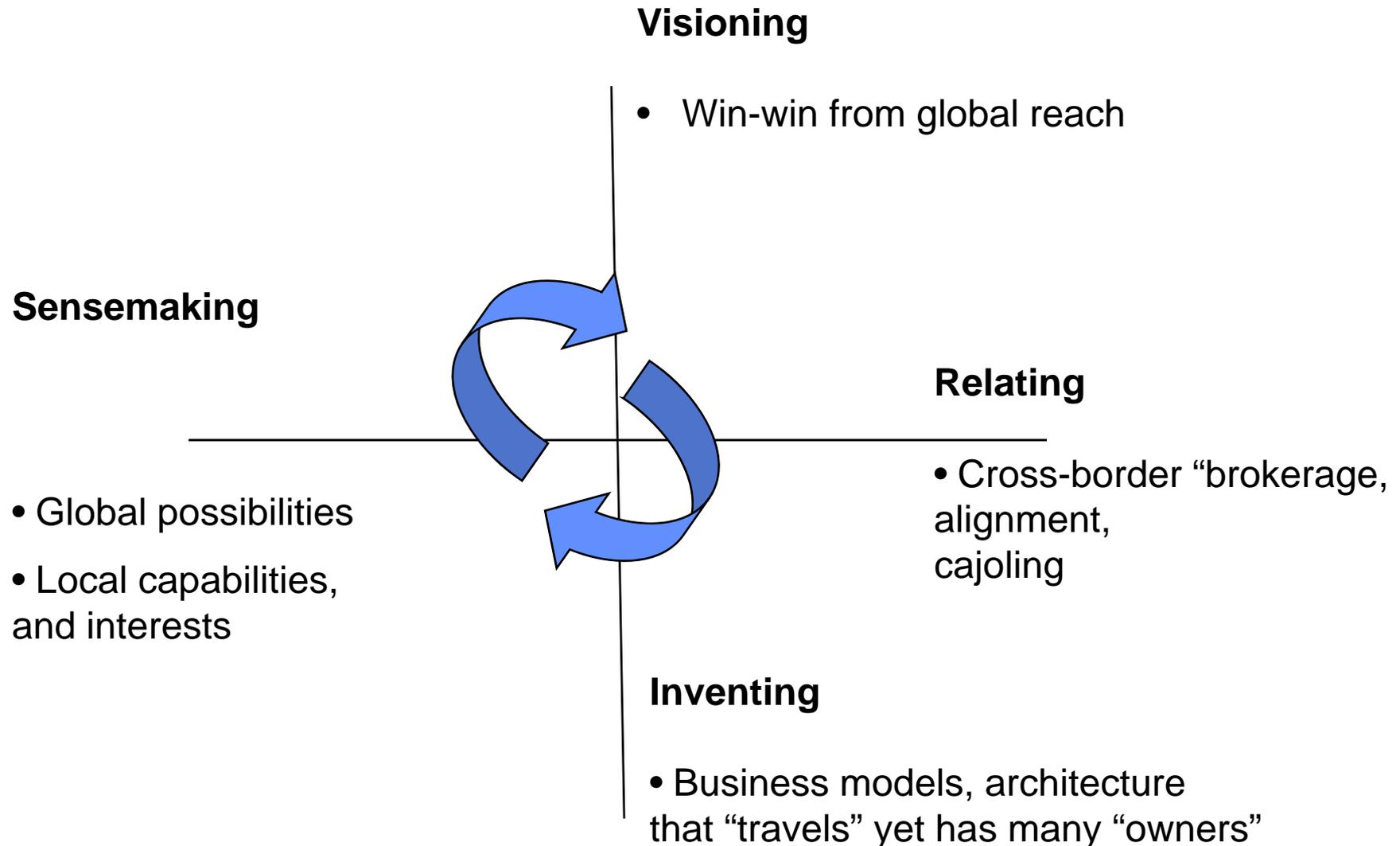
The Functional Leader

- To develop worldwide processes and enhance worldwide learning
- Scan for useful innovations in process, valuable information worldwide
- Cross-pollinate leading-edge knowledge and best practice
- Champion innovations that may offer transnational opportunities and applications

The Corporate Leader

- No single model for the global manager
- The Corporate Manager not only leads in the broadest sense; also identifies and develops talented business, country, and functional managers – and balances the negotiations among the three

Regional/Global Business Leader



The Country Leader

Visioning

- Core role of country in global/ regional enterprise
- Identity with country and global / regional firm

Sensemaking

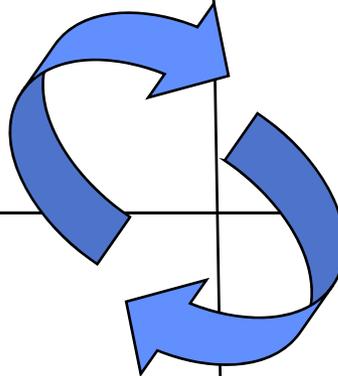
- Local ops, threats
- Local identity, drivers

Relating

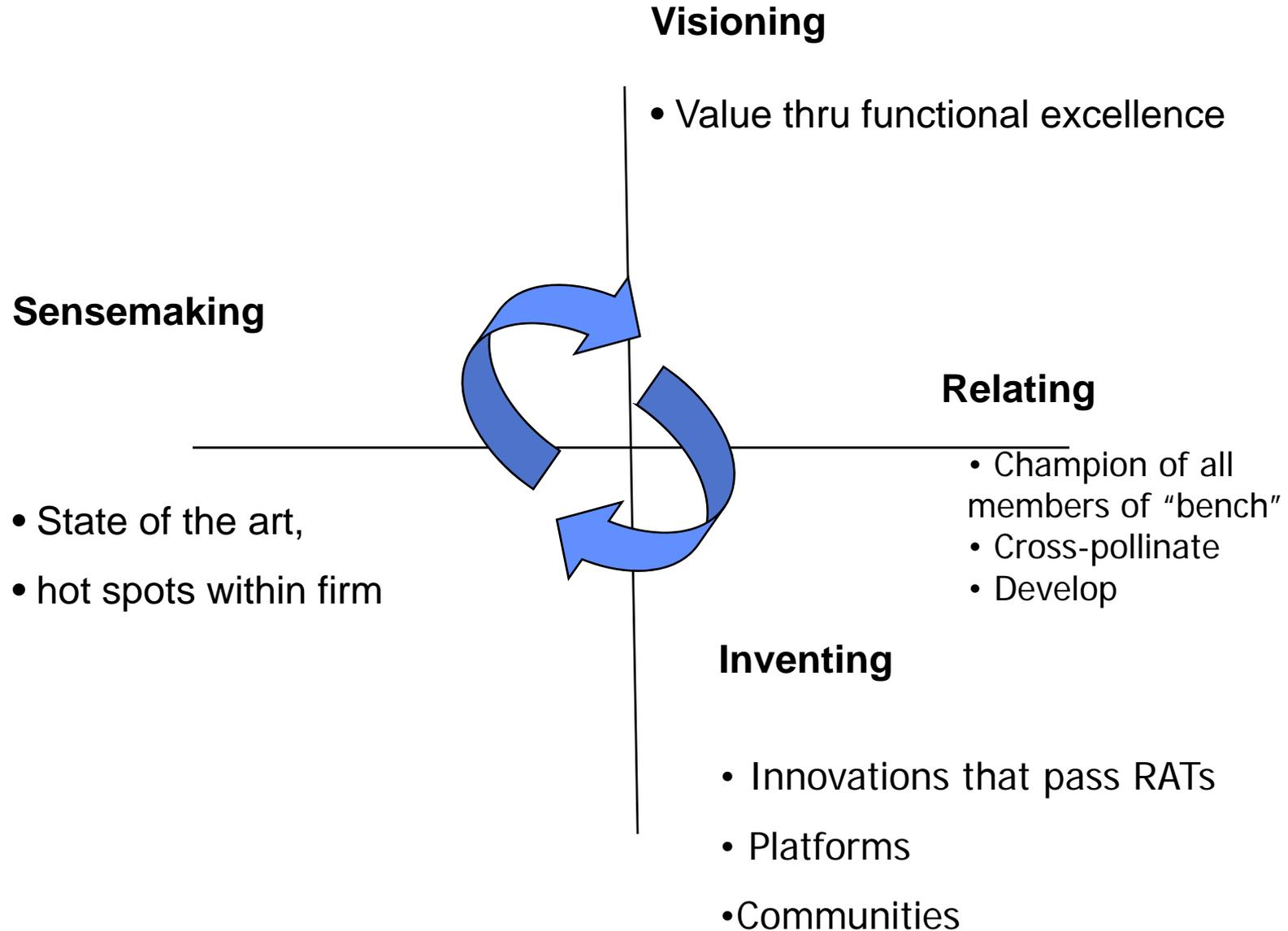
- Government, local stakeholders
- Everyone in local "family",
- Horizontal (other country) counterparts
- Key Vertical interactions

Inventing

- Rats ops (out), platform ops (in)



The Functional Leader



Crossing Boundaries and the SLM

- Location-specific skills and knowledge, networks: for example --
 - Knowledge of business culture of a specific industry in a specific country (Sensemaking)
 - Networking skills within country (Relating)
- Border-crossing skills and knowledge: for example --
 - Knowledge of how to learn quickly in new contexts (Sensemaking)
 - Knowledge of how capabilities are/should be distributed across locations, networks across those locations (Sensemaking, visioning)
 - Knowledge/skills in linking complementary capabilities (inventing, relating)
 - Common sense re which must be standard, which can vary (Sensemaking, inventing)
 - Knowledge of how to “translate” company vision/strategy into compelling local vision (visioning)

Developing Global Managers

- Recruitment – positive discrimination for international experience, interests
- Cross-border experience (short-term visits, short-term transfers, long-term postings)
- Training (training programs rotated around locations, including participants from multiple locations and roles)
- Cross-training: Rotation across positions, recognizing and building on personal networks (e.g. the engineer who understands a particular foreign customer and has networks into customer's organization gets formal responsibility for relationship)
- \$\$ regardless of national origin
- Chance at top grades regardless of national origin

- Don't confuse origin with international focus

Frameworks—An Open System View

Level	“Standard”	Global
Industry	Five forces	Globalization diamond
Country	Comparative advantage	Porter's diamond
Firm Across Countries	Value Chain	CAGE, RATs, Virtual diamond
Firm-market extension	Segmentation, Delta	RATs, CAGE, Adaptation, Aggregation
Firm-backend	Supply chain	CAGE, Arbitrage, Virtual Diamond/Platform, Ferdows' Roles
Firm-organization	Grouping-Linking-Aligning	GI-LR, AAA
Leadership	SLM	Global SLM

Deep Dive

- Still awaiting BP confirmation of “respondent”
- Will be a bit shallower than originally planned
- BTC
- Web site by end of week
- Intro session after you return
- Presentations on April 4th
- Good to review over break, but concentrated work in early April.

That's it Folks!

- Great discussions
- Insightful blogs
- Deft framework applications
 - Sloan Fellows Program in Innovation and **Global** Leadership