

## PM WORLD TODAY – PM ADVISORY – JULY 2010

Leading Global Project Teams:  
Barriers & Challenges*Part One of a Six - Part Series*

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What comes to mind when the word globalization is used in your conversations? It may conjure up ideas of off-shoring work from one country to another for the promise of business process efficiencies and lower cost to produce goods and services. Globalization may be perceived as something 'out there' that is not applicable to your business let alone you or your life.

Globalization is more than simply off-shoring work or establishing government programs aimed at expanding trade. Pressures from emerging markets, converging markets, technology advances, customer demands, product sourcing options, and resource availability have stimulated globalization as a means to improve business results.<sup>1,2,3</sup> Undeniably, our globe is quickly becoming a smaller, flatter, and a more level playing field on which to compete. However, small, flat, and level are not synonyms for *easy* or *effective*.

Are you feeling the pressures of globalization? If your answer is "no," you may not be paying close enough attention to your market, industry, customers, workforce, and the trends associated with each. The pressures caused by competition for global market share and for the world's most talented people, and the sheer desire for competitive advantage, fuel these occurrences. The intellectual skills necessary for creative thinking and innovation as well as production and operational abilities are available and ready for use for any organization from around the world. Many of them have already been tapped by companies that are successfully executing their globalization strategies, some of these companies might be your direct competitors. So, we ask again, are you feeling the pressures of globalization?

**Global Forces**

The idea of globalization is not a recent revolutionary occurrence, but rather an evolution started centuries ago and still evolving today. Visionary leaders have recognized that competitive advantages can be gained over their rivals with an

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effective globalization strategy. To be an effective senior manager or global team leader in today's global marketplace requires one to develop a world view. A world view refers to developing an awareness of the global environment to include social, political, and economic trends.<sup>4</sup> Present in a world view is the fact that globalization does not have a singular cause or influence, but rather is driven by a set of forces that have operated interdependently throughout recent history. Knowledge of the three primary globalization forces – economic forces, political forces, and technology forces - provides senior managers and global team leaders a greater context of the environment in which they operate. Briefly, the three primary forces are summarized below.

The basis of global economics involves the creation of economic interrelations across geographical boundaries as defined by national borders through the production, exchange, and consumption of goods and services.<sup>5</sup> It is economics that drives the world's entrepreneurs and global leaders to seek new markets for their goods and services, find new suppliers for their raw materials, develop world-wide sources for production and distribution, and generally evaluate the world's resources for potential competitive advantage and product optimization.

The basis of world politics is the generation, distribution, and control of power and influence.<sup>6</sup> Economic globalization forces have rarely been able to operate independently from political forces. Most often global economic expansion and contraction is set in motion by a series of political actions. Governments play an extensive role in globalization by exerting their political agendas through the opening and closing of markets in which entrepreneurs and global leaders can leverage through the investment in technology research and development. The direction of globalization is generally guided by the political agendas of the world's most influential nations.

Technology is the third primary globalization force. While economics is the true driving force for globalization and politics is mainly a guiding force that either stimulates or contracts globalization, technology is the force that makes globalization both more effective and efficient. The basis of technology as a globalization force is in the development and dissemination of new ways to expand our global reach, to facilitate the interaction and interdependencies of humans across the globe, and to enable the flow of monetary exchange across national borders.

### ***Interaction of the Globalization Forces***

Although it helps to look at each of the three primary forces of globalization separately to better understand their influence on globalization, the forces themselves do not operate independently. It is the interaction of economic, political, and technological forces that has historically had the most dramatic influence on globalization.

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When the globalization forces become highly integrated as illustrated in Figure 1, they work to facilitate the wide and rapid expansion of globalization. Such is the state of globalization today, where world economics and monetary exchange is driving globalization, political stability is enabling continued growth into new and larger markets, and the advent of new work-flow technologies has accelerated organizational knowledge work activities, and allows work to be disaggregated at its source and distributed digitally to workers across the globe.

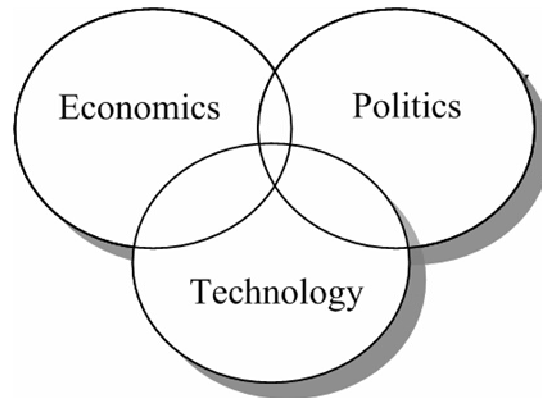


Figure 1: Integration of the globalization forces

The integration of the globalization forces is causing changes that will continue for the foreseeable future even though there will be continual resistance to the trend as well as constant challenges associated with executing in a global environment.

### ***Why Globalize?***

The short answer to the question – why globalize? – is survival and sustainability. Most senior leaders have realized the need to become part of the global marketplace, and in many cases have developed strategies to move their organizations into the global arena. These strategies include developing strategic alliances with overseas development and marketing partners, or off-shoring and outsourcing of their product or service development processes to outside firms that can perform the work more efficiently. They also may include moving portions of their operations into foreign countries to enter new markets as well as acquire new talent, and acquiring other companies in other parts of the world that complement their own business. These strategies of course have created a trend away from co-located development teams and toward highly distributed teams.

There are three primary globalization business factors driving this distribution of work:

1. Reduction of product and service cost driven by lowering associated development and manufacturing cost;

2. Expansion of product and service sales into local, emerging markets; and
3. Employment and retention of the world's top talent to create and develop new products and services.

For some firms, their globalization strategies have been well executed. For most however, senior leaders and their staff are realizing that *good* strategy is not *good* enough. Changes in globalization strategy have to be accompanied by changes in global execution. Within an organization, focus must quickly shift from the development and initiation of their globalization strategies to operational success in developing their products and services in a global model.

### **Global Execution Barriers**

The strategy to improve business results through globalization has become increasingly common. Success in reaping the business value intended from the globalization strategy is unfortunately not as common. The key to achieving improved business results does not hinge on strategies alone but also on our ability to effectively lead global product and service development teams to successfully execute these strategies.

Our research and experience shows that those struggling the most are the practitioners who find their historic practices ineffective in today's global business model. Specifically, the question becomes, "How does one effectively lead global, highly distributed teams to achieve the improved business results needed to compete in today's market?" The answer lies in the fact that it is not the work of just "one" leader that delivers business results, but of "many" leaders (senior managers and project managers) as a collective team that happens to be separated by distance, time and culture that drive global project teams to success. Many senior leaders who embark on a globalization strategy fail to anticipate the number and severity of barriers encountered during project execution in a highly distributed environment.

Without removal of the execution barriers, global project team leaders fail to perform their function and successfully address the challenges they face. We purposefully distinguish between global execution barriers and challenges for two primary reasons: First, it is important to delineate responsibilities between senior managers and global project team leaders. Senior managers of an organization are best positioned to address the global execution barriers. The global team leaders are best positioned to address the global execution challenges. Secondly, we distinguish between the two to underscore the point that global execution barriers should be addressed by senior management with priority effort before expectations are set for a firm's project team leaders to make progress on resolving the global team challenges.

Global execution barriers are defined as fundamental organizational structure, power bases and behaviors which prevent an organization from effectively operating in a global environment. The most common and significant barriers are:<sup>7</sup>

- 1. Organizational structures and performance measures that limit collaborative team dynamics necessary in a global development model.** In order to succeed, global organizations need to have the right structures, people, processes, and technologies that foster a high degree of collaboration. Additionally, when people on a global project team are working collaboratively toward a common set of goals, they cannot be rewarded for competing against one another. Instead, they must be measured and rewarded based upon team progress and accomplishment.<sup>8</sup>
- 2. Differences in culture (country, company, functional) that are not appropriately characterized, understood, and assimilated into the organization.** As a firm continues to globalize, it expands its pool of resources to include personnel from other cultures. This significantly increases management complexity. Failure to manage this expanded cultural diversity consistently creates a barrier to global team success.
- 3. A development model that does not support the highly collaborative and inter-dependent nature of global product and service development activities.** Global product and service development requires a development model that facilitates a high degree of horizontal collaboration, synchronization, iteration, communication, and integration throughout the entire development life cycle.
- 4. Project team leader skills and competencies have not kept pace with the more comprehensive set of capabilities necessary to be successful in a global environment.** Required team leader skills and competencies increase significantly in a global development environment. It is the responsibility of the senior manager of an organization to ensure that they have adequately skilled and experienced individuals to lead their global teams.
- 5. Lack of or insufficient support by senior management for global transition change management programs to lay the foundation for the strategic shift from a localized to a global competitive environment.** Embarking on a globalization strategy sets an organization on a path of significant change. Unfortunately, many managers spend a considerable amount of time and effort contemplating their globalization strategy, but spend much less time planning and being actively engaged in the organizational change that will be required to be implemented within the firm in order to realize the goals of that strategy.

A series of organizational, operational and philosophical changes must be driven by senior management in order to prepare and enable an organization to move from a domestic or locally-focused product and service development model to a globally focused model. Without these fundamental shifts, effective global execution is severely hampered as are the intended business results.

### ***Global Execution Challenges***

There are common execution challenges that each project team leader will most likely face when leading global teams. The most significant of these challenges that the global team leader must learn to overcome are the following:

- 1. Communication challenges.** Communication is a common challenge for leaders of globally-distributed teams. Understanding this challenge starts with recognizing that communication is more than just language. Challenges emerge because of frequent misunderstandings when questions, responses, and requests are not well communicated or fully understood between the participants.
- 2. Managing across time zones.** The world is divided into 24 standard time zones with 40 fractional time zones.<sup>9</sup> A 24-hour work cycle does not equate into 24-hours of *productive* work. The once idealized notion of '*work while we sleep*' is realized most often as '*wait while we sleep*' because of the lack of smooth transitions between work teams around the globe trying to take advantage of time.
- 3. Leading the distributed team.** Globalization creates increased pressure on the team leader. As the world becomes a more integrated place, the demand for leaders as integrators will increase. Leaders responsible for globally-distributed teams will be pressured to know about global and local economic situations, be politically savvy, legally adept, and culturally sensitive.

### ***Looking Ahead***

Understanding what are the most common barriers and challenges to successful global execution, and who within the organization should be responsible for resolving them is the first step toward more effective global performance. Learning how to overcome them is a more difficult step. Fortunately, globalization leaders have encountered and overcome many of these barriers and challenges, and have established a number of best practices and behaviors. We will initiate this discussion beginning in part 2 of this series entitled, "Putting Skin in the Game".

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Written from a practitioner's perspective, this six-part article series is based on the book, *Leading Global Project Teams: The New Leadership Challenge* (ISBN-13:9781554890644 Multi Media Publishing, Oshawa, ON, Canada). Feedback is welcome. Email us your comments, insights, challenges, or other thoughts.

### Previous articles in this series:

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