

Turning local talent into leaders

For multinationals, the benefits of doing so go beyond financial savings. They extend into improved customer insight and better risk management based on intimate market understanding

FROM THE
DESK OF

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SOUTH-EAST Asia is the largest driver of growth across multiple industries. Leading multinationals are increasingly focused on designing products and services from the customer, yet few have created ethnically diverse teams with an intimate understanding of consumer behaviour in these geographies to achieve this.

Although many multinationals have successfully promoted the best indigenous talent into pivotal developmental roles, typically they remain the leaders of tomorrow rather than today. While most corporations have decreased the number of expats at senior levels, there continues to be a proliferation of international assignees among senior ranks. Given that South-east Asia is increasingly becoming a key growth market and hub for leading MNCs, the most progressive organisa-



tions recognise the need to address this paradigm - at speed.

The benefits of making this happen go beyond financial savings. They extend into improved customer insight and better risk management based on intimate market understanding. In addition, this ensures leadership continuity and lower attrition as rising stars can see a clear route to the top rather than just a glass ceiling. So how do we achieve this in the near term?

Talent challenge

The best contemporary leaders are well-rounded boardroom operators who are capable of being influential at the highest level. Many have benefited from living and working across a range of different geographies with exposure to both best practice in mature markets and the challenges of managing growth and risk in a developing market. This distinguishes them from the level below, historically occupied by locals.

In the past, this meant that stellar talent in the West was exported to emerging markets before ultimately returning to their home geography, whereas going forward we need to reverse this trend. Many local rising stars across Asia have not had the opportunity to broaden their experience in other continents and remain in narrower functional and technical roles.

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This perpetuates the issue as these individuals lack exposure to different cultures, broad-based business conversations or the chance to contribute to the overall strategy or commercial agenda, meaning they continue to be viewed as strong operators but not yet leaders.

Best practice

The most progressive multinationals are only now starting to address this issue by proactively putting measures in place to accelerate progress. Interesting pockets of best practice include:

- 45 Sending high potential talent to mature markets to work on strategic projects and bringing them back into leadership roles in the region where performance is inconsistent and they can make the biggest impact.

- ⇒ Moving the best functional specialists to a small, developing country so s/he sits on the board and gains profit & loss exposure as well as the confidence to contribute at this level. Thereafter the individual can return to a regional leadership role and bring an understanding of macroeconomic issues as well as an appreciation of broader political and talent related considerations.
- ⇒ Putting international assignees on a two-year contract during which they must find an outstanding 'local' successor, irrespective of the challenges this presents.
- ⇒ Actively looking in the external marketplace for 'returnees' who are capable of coming in and making an impact from day one given their intimate market understanding. These individuals can potentially attract other 'returnees' from their personal network.
- ⇒ Proactively mapping local 'rising stars' across multiple sectors and geographies so there is a clear understanding of what is available, especially in growth markets such as China, Vietnam, Indonesia and Thailand, and weaving this into external hiring plans.
- ⇒ Creating virtual teams with hard line accountabilities and KPIs, meaning a future leader has to master multiple cultures and learn to deliver results without line authority.

Everyone recognises the benefits of increasing local leadership and most underestimate the importance of being ahead of the pack. Multinationals that have role models in place now will enjoy lower attrition among their best performers and in future will attract the best people at all levels across the organisation.

While there is no tried and tested solution to increasing diversity at the highest level, the winners will be those who invest ongoing time and effort implementing initiatives to achieve the optimal balance. In doing so, the most progressive organisations will inculcate a culture where movement of talent between East and West is the norm and create diverse leadership teams irrespective of geography.

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