Paul Mayer: Managing remotely in the context of enlarged Organization Units

Even for the employees of multinational companies, globalization is an evolving notion.

Managing teams across countries and continents has always been the privilege of the senior leaders of multinational companies. For decades, exposure to remote management has been limited to the heads of the Organizational Unit. The large majority of employees belonging to the subsidiary of the multinational were reporting to the management in place locally, very often local employees themselves; in some cases, expatriates coming from the country of origin of the firm.

In the last 20 years, two elements have greatly accelerated the remote or virtual management factor inside international companies: Firstly the gradual implementation of unique IT platforms allowing the full integration of Supply Chains across the company and between the company, its suppliers and customers; secondly and in close connection, the adoption of standardized Business Processes. Therefore, it became easier to transform the organization structures and integrate much more the teams and the way they are operating.

1. From Market Company to Integrated Clusters

For many years, the typical organization to address a local market has been the so-called Market Company. Generally a legal subsidiary of a global firm, bounded to the geographical limits of a country (France, Germany, Japan, etc) and reporting to a continental Region.

Under several factors, such as the search of economy of scales, the quest for administrative productivity, the rapid globalization of customers, we have seen a dual evolution: Market Companies grouping several close countries (easy ones like Benelux, Iberia, Nordics or Oceania, more complex ones like Andina, Central Asia or East Africa).

Smaller geographical Clusters replacing the traditional continental regions (examples of Clusters: North America, Greater Middle East, South Europe, etc).

Consequence of these evolutions: the traditional local management team composed by French, German, Japanese, plus a variable number of expatriates moved to something much more diversified. Thus, the management team of Tetra Pak South Europe (a small cluster of 4 countries) is constituted like this: President and MD Iberia: French, MD Italy: Colombian, MD France: French, Technical Service: Italian, Supply Chain: Brazilian, Finance: another Brazilian, Human Resources: French, Communication: Spanish etc.

At this stage, the employees working under the direct supervision of a foreigner are limited to the directors in each market company either because their direct boss, the MD, is a foreigner or because, in the matrix organization, their Cluster functional leader is also a foreigner. In our example, the Italian Director of the Factory based in Italy reports directly to a Columbian MD based in Italy and functionally to the Brazilian head of Supply Chain based in Spain.

The more recent step in the organization structure evolution has been to consider South Europe as one integrated Cluster or to take it from a different angle as One Enlarged Market.

The consequence of this move has been to build a functional organization blue print cutting new Cluster jobs in each one of the major functions of the company. If we take the example of Technical Service (the unit responsible for the installation and the performance at customer sites of packaging equipments), different positions have been consolidated at Cluster level and eliminated at market company level: the management of the Field Service engineers (the technicians in charge of the installation of the equipments), has moved from a market company position to a cluster position. In this case, the most competent manager for leading the Field service has been identified in Italy. This gentleman manages now with the help of Field Service Managers per country or regions, a team of 180 Field Engineers directly from Italy.

The result of this organization change: 12 Field Service Managers, a typical middle management role, have now a boss placed in Italy and for 8 of them it means a boss placed in another country than theirs and managing them virtually.

In this cluster of 1300 employees, we estimate that we moved the number of employees managed remotely from 15 to 90 in one year time.

2. Going for bigger clusters and increasing the phenomenon

The next organization change is to gather into one big Cluster, 4 standalone clusters (South, Centre, North and East Europe). This new Cluster named Europe and Central Asia will group 4,800 employees. It will be present in 47 different countries and in 60 locations from Lisbon to Vladivostok.

If we maintain our interest on the Field Service team, the newly appointed Field Service Director will lead a team of close to 500 Field Engineers spread out in this number of diverse countries and working operationally on different Customers sites across the continent. He will obviously appoint more Field Service Managers to support him in his leading mission.

Here we could object: why does this matter? Can't we accept the idea that these field engineers work independently, support their respective customers in their country and get the instructions, the training and support from a central place in their country of operation?

The reality is different. Field Engineers report their activity in a central IT system. They feed up a common Issue Resolution software. In the planning of their activities, they will be more and more asked to service equipments or to provide services in their area of competences in very different countries from their country of origin. Field engineers from Portugal or Kazakhstan will most likely talk tomorrow to a planner seating in Lund - Sweden. This planner will have the global demand and supply view and will run the day to day work force planning.

3. How to help managing and being managed remotely?

Much more people than before are managed remotely or are managing remotely.

Scrutinizing the content of our internal leadership courses, we realized that this growing dimension was not treated. Simultaneously, the employee representatives of the European Work Council put the subject in the agenda of the last yearly meeting with the top management of the Company.

After the exchange with the European Work Council on a growing number of concerns expressed by their members (no possibility to meet the direct boss when needed, unclarity of instructions, lack of day to day presence, overlap of activities with other groups of employees) ,we decided to address the “manage remotely” concern.

We have taken two initiatives so far:

a) Include a chapter on management at distance into our Leadership courses (Leading with Impact for newly appointed managers and Leading Managers for more senior people leaders).
b) Identify all the managers that are leading employees outside their country of origin and distribute them advices and tips about Remote Management.

We are teaching / sharing 9 tips for remote leaders. The most significant ones being,

- How to schedule formal conversation with your remote team members?
- What subjects do you take remotely; what subjects will make you travel to meet physically the person?
- How to best use IT technology such as videoconferencing, skype, phone conferences, collaboration sites, etc?
- How do you let know your team members about your availability?
- How do you create touch-points for team members?
- How do you deal with time zones?
- How do you celebrate team events?
- How do you increase awareness about cultural sensitivity?
- How do you integrate remote members into a strong pre-existing team?

Conclusion: Could Europe lead the way for a more modern and global management?

French observers of the Economy have all been surprised and sometimes worried in 2011 when the CEO of Schneider Electric one of the oldest company of France and a member of the CAC 40, decided to move its office from Paris to Hong Kong, bringing with him some key management team members including the head of HR. Many debates took place at the time about the possible move of the full top Management of the Company to Asia, the relocalisation of industrial activities to China, etc. 3 years later, these fears seem to have dissipated. The Company certainly has learned a lot on how to work globally and the result is quite amazing: the Finance Group remains based in France, Global Operations are in Barcelona, the Automation Division is based in Germany and Information Technology in the United States. Many senior managers have their team positioned on the three main continents.

And for those in the audience who believe like me in the supremacy of geography, this last one : some Management members from Schneider Electric who first joined the CEO in Hong Kong are in the process of moving back to Europe. Why is it so? Because they realized that it is easier to manage global team spread on the three continents from Europe, simply because the Geography placed ideally Europe between America and Asia!