

Leadership in a Global Village: Creating Practice Fields to Develop Learning Organizations

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Abstract

For a practice field to be of greatest value in developing global leadership capability, it needs to be constructed so as to combine meaningful cultural and national issues with realistic interpersonal dynamics. This paper examines how two practice fields designed to facilitate systems thinking and organizational learning Foodcorp, International and Globalcorp accomplish this task. Both are management development tools called behavioral simulations (not computer simulations) each creates a realistic context, a microworld, for people to interact on business and global issues. Both can be used to: (1) surface cultural assumptions in a socialbusiness context where they can be observed, tracked, and discussed relative to various effectiveness criteria; (2) create a team capable of performing with a shared vision and common mental models; and (3) develop leaders who can create as well as accommodate micro cultural norms.

Preliminary results using this practice field approach are supportive of these objectives. A growing number of organizations (e.g., Apple Computer, Citicorp, Dow Jones & Company, American Express, AT&T, Northern Telecom, Glaxo) and educational institutions (e.g., University of Michigan, Dartmouth College, Indiana University, New York University, The University of Tampa, Defense Systems Management College) use such tools in their educational efforts. This permits a rigorous examination of the utility of these tools in management development. This paper describes the approach, provides two examples of how microworld practice fields are used, and shares the results of the research underway.

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Global leaders must learn to lead multicultural microworlds through creating shared visions and common mental models. They must manage diversity less by appreciating and utilizing national and cultural differences, and more by establishing an organizational culture which **transcends** these differences. Program for developing global leaders must go beyond teaching people to appreciate or accommodate cultural diversity to the task of developing people capable of creating an organizational culture which can **cohere** diverse groups (McBride, 1992). Peter Senge (1990) has proposed one such approach -- a learning laboratory. We have used this approach in the context of the global village ideas proposed by Marshall McLuhan (1964; McLuhan & Fiore, 1968) to create a microworld practice field that facilitates systems thinking and organizational learning.

For a microworld practice field to be of greatest value it needs to be constructed so as to combine meaningful cultural and national issues with realistic interpersonal dynamics. This paper examines how two microworld practice fields -- Foodcorp, International and Globalcorp -- accomplish the task of creating a global village. Both are management development tools that are best thought of as behavioral simulations (not computer simulations) that create a realistic context for people to interact on business and global issues.

Three objectives are typically shared when these practice fields are used to facilitate systems thinking and organizational learning. These objectives are: (1) to surface cultural assumptions in the simulated context where they can be observed, tracked, and discussed relative to various effectiveness criteria; (2) to provide a practice opportunity for creating a global team capable of performing with a shared vision and common mental models; and (3) to develop leaders who can create as well as accommodate cultural norms worldwide. This paper describes two practice fields and their common approach to facilitating systems thinking and organizational learning. We provide two examples of how microworld practice fields are used and share the results of the research underway.

Global Village Practice Fields

Behavioral simulations stand apart from computer simulations in that they attempt to reproduce individual and collective behaviors that would normally be observed in a managerial work environment, including some degree of political, cultural, and conflict activity (McCall & Lombardo, 1982; Stumpf, 1988). The behavioral simulations that we discuss here are ones that attempt to mirror the top management roles and responsibilities of a global company.

The reality of the organizational setting in a behavioral simulation is obtained through the use of extensive background information and in-baskets for each simulated role -- roles that are interconnected to reflect organizational realities. The content of in-baskets as well as the design for the organization is based on actual data and events collected from ongoing organizations. It is through the realism of the materials provided that the practice field created stimulates representative behaviors from its participants (Dutton & Stumpf, 1991).

A realistic microworld practice field creates the possibility for dynamic interactions among participants. These interactions tend to be representative of the participants' on-the-job performances over the 6 to 10 hour duration of the simulation. By analogy, we would expect a soccer team to be more inclined to exhibit game-like behavior on a true soccer field than in a gymnasium. The greater the similarity of the practice setting to the performance setting, the more likely the practice behaviors will be representative of the performance-setting behaviors.

In the Foodcorp and Globalcorp simulations, participants are given a choice of several roles that vary in terms of hierarchical position, product or functional responsibility, issues to be addressed, and status. These roles create the organizational structure. For example, Foodcorp International, a food manufacturing organization, simulates 13 senior management roles, three

levels of hierarchy, two product groups, and two subsidiaries (Sonny's Restaurants and Farm Fresh Yogurt). Foodcorp's products (dry goods and frozen foods) are sold to distributors and retail supermarkets throughout the U.S. and in 60 other countries through 30 manufacturing plants, 15 marketing affiliates, seven licenses, and six regional export sales organizations. Foodcorp is a fairly large firm within its industry with 25,000 employees and \$2.7 billion in sales.

Foodcorp uses a matrix organizational structure and has several committees to augment this structure. New product development activity, internal corporate venturing, joint ventures, international licensing agreements, and diversification/ consolidation activities are integral to Foodcorp and the food processing industry. Consumer marketing (including brand development and advertising) and production quality are key issues domestically and internationally.

In comparison, Globalcorp (an public version of the proprietary Financorp simulation) is a diversified international financial services conglomerate of \$27 billion in assets. Each of its 13 senior management roles has corporate strategy development and business portfolio management responsibilities. The consumer banking sector is comprised of a branch banking group, a credit card group, and a consumer credit group. The commercial banking sector includes an investment banking group, an institutional banking group, and a transaction services group. The financial product and services sector is comprised of an information/investment services group, an insurance products group, and a research and development group. Each of the nine groups has two or three lines of business that offer a full array of products or services with profit-center responsibility.

Unlike the more homogeneous line-of-business situation and cross-functional activity common to Foodcorp, Globalcorp involves active coordination and competition across lines of business. The three levels of Globalcorp hierarchy are augmented by a committee structure that encourages cross-sector and cross-business discussion of customers (e.g., who owns the customer?), new business ventures, acquisitions, mergers, divestitures, and line-of-business direction.

Creating a Global Village Experience for Organizational Learning

Some of the attributes of Foodcorp and Globalcorp that make them more "life-like" than other methods for teaching systems thinking and organizational learning are the presence of a formal hierarchy among participants, division of labor, and realistic information contained in a hefty in-basket. Several other characteristics enhance the real-life quality of the simulation, e.g., the existence of various standing committees; prescheduled committee meetings that can be attended, rescheduled, or ignored by participants; and the in-coming and out-going mail throughout the simulation that is created by participants as they attend to or ignore various issues.

The large number of issues contained (e.g., 18+ major issues and 30+ minor ones, with each role confronting about a third of these issues) make it a rich environment and context. This rich, interconnected, interactive context tends to minimize the dominance of any single participant's style and approach. The result is the creation of a group approach and culture. The temporal and artificial nature of the training experience actually assists participants in creating a microworld -- a smaller, more immediate world that takes on a life of its own during the simulation and debriefings that follow.

The materials in Foodcorp and Globalcorp mirror real organizational experiences. Prior to the simulation participants self select a role and thereby assume an organizational title, an associated status and position in the hierarchy, and role responsibilities. They are given a corporate annual report, an organizational chart, and information describing the functions performed by other role holders including their managers and direct reports. Participants devote from five to ten hours each to reading, analyzing, and internalizing this material along with dozens of pages of memos, correspondence, phone messages, and reports that are unique to the position they have assumed. While some of this effort is performed individually, small group meetings and presentations are conducted to thoroughly familiarize each participant with his/her

position, its key issues, and significant company attributes.

Upon arriving at the simulation location participants are provided with individual office space, desks, a conference room, in-baskets, and writing materials. As an initial structure to their work day, they receive schedules of meetings, agendas of issues, budget reports, and memos containing information about current and unsolved problems as well as various opportunities. In addition, mail pick-ups and deliveries are scheduled throughout the day. All of these organizational trappings are designed to support a belief that the simulation as a real and valid experience.

Foodcorp and Globalcorp begin with a complex and ambiguous task: Participants are asked to run the organization as they see fit. The simulation typically concludes at a specified time six or more hours later with an address by the President and other key executives to the other employees. What issues are explored or ignored, who gets involved in decision making, how formal and personal power are used, what climate is created and how it affects the participants, and the actions to be taken or not taken emerge from the participants within the context of the simulation. These attributes of their microworld are captured by questionnaire, tallied, and used as part of the feedback process during the debriefing sessions.

While an organizational structure exists and some meetings are preplanned at the start of the simulation, participants are free to manage the organization as they choose. The fact that each role is initially constrained by the content of the information in it (e.g., data in memos, annual reports, and job descriptions) does not constrain how individuals interact to get additional information or how information is interpreted, shared, or used. They may (or may not) keep one another informed on possible actions on key issues, collect relevant information, summarize its implications, and formulate, become advocates for, and convince relevant others to accept new policy proposals.

As participants become involved in strategy-making activities during Foodcorp and Globalcorp, they are confronted with the time pressures, uncertainties, and dependencies associated with bounded rationality constraints (March & Simon, 1958). As they experience and become more aware of their limited capacities to comprehend, they may feel threatened. This, in turn, may reduce their adaptive capacities. Participants may restrict their information processing, narrow their fields of attention, overlook details, and reduce contact with other organization members in order to cope with the demands of a senior management position. To the extent that these behaviors occur, they are noted by a trained facilitator who is observing the process.

While each microworld that is created is unique, there are patterns that can be noted across groups, particularly if the groups are all employees of the same firm. For example, in one firm within which we have worked the decision-making power within the simulation (and in real life) often becomes centralized. Policies become dependent on the overall vision and comprehension of those occupying roles at the top of the simulated organization's hierarchy. Subordinates get isolated and may even become alienated.

The importance of influence and interpersonal skills that enable the relevant participants to be included in decision making becomes evident to these subordinates as well as observers. But, it often escapes those occupying the most senior roles until it is raised for discussion in a debriefing session. An irony in this process is that in order for senior management to maintain an understanding of activities within the firm that have strategy implications, they must depend on the inputs of participants occupying roles lower in the hierarchy. These participants are often feeling isolated and left out. So they focus their attention on local matters, ignore opportunities to influence their senior management counterparts, and further cut themselves off from a more strategic and global perspective.

In the eight to ten hours of feedback and analysis that takes place after the simulation experience, participants become more aware of these dynamic inter-dependencies, how their interdependencies evolved over time, and the behavioral roles which they and others enacted in

this policy-making process. They become aware of the systems dynamics within the microworld that they created and the extent to which it was a viable global village. This legitimizes their exploring the cultural assumptions they held that influenced their business decisions. By reviewing these decisions and the thoughts and behaviors that lead to the decisions, participants are able to explore how their collective cultural diversity lead to a microworld of shared perceptions. It is through this debriefing process that participants become eager to learn how to improve individual and collective performances in future endeavors.

Participant response to the Foodcorp and Globalcorp behavioral simulations has been uniformly positive. No one has dismissed the experience as unrealistic or unrepresentative. In fact, facilitators of the feedback process encourage participants to discount those aspects of the experience that are unrealistic or unrepresentative to them. Post-feedback session evaluations of the program have highlighted a tremendous amount of relevant learning that participants think and feel they obtained. Follow-up research has confirmed these evaluations -- participants remember the experience and the lessons they learned several years later. Eighty-six percent of the more than 2,000 participants surveyed have expressed a desire to attend another behavioral simulation to further their insights and development (Stumpf & Mullen, 1992).

Two Practice Field Applications

The growing awareness by organizational leaders of a need to develop global managers to perform effectively in a global market place has lead to rapid growth in global training programs. Several of these programs have chosen to focus on the development of management talent suited to leading a diverse workforce and satisfying customers from different cultures. The organizations sponsoring these programs know that their managers must learn to frame experience in a way which allows for common interpretation and unified action (Peters & Waterman, 1982, Pondy, 1976). These managers must learn how to effectively guide the behaviors of a culturally diverse workforce through the creation of a shared vision and a common understanding of the organization's actions. One way of doing this is through the creation of a microworld with a culture so strong that it coheres the actions of diverse groups around the goals, beliefs, and practices of the firm. Developing managers who can build a unifying microculture requires providing them with experiences to practice creating and shaping a microworld (McBride, 1992).

Two organizational programs -- one conducted by Northern Telecom and the other by Citicorp -- exemplify the use of Foodcorp and Globalcorp as practice fields for managers to exhibit and develop leadership skills in creating a global village. By reflecting on how they created a global village -- through the vision, values, behaviors, and actions of participants -- these managers begin a process of systems thinking and organizational learning.

While the similarities of the programs offered by these two firms far outweigh the differences, the differences are particularly noteworthy. Northern Telecom, a midsize telecommunications equipment manufacturer headquartered in Canada, wanted a practice field experience that placed their managers in a matrix organizational structure facing a highly competitive, global marketplace with a line of products that had potential for rapid growth in select markets. While some competition across product lines was desired, the practice field needed to reflect a focused organization that was trying to grow in Europe, the Pacific Rim, and South America. Foodcorp fit their needs.

In contrast, Citicorp, a large, international, financial services firm headquartered in the U.S., wanted a practice field that reflected a decentralized, multi-product line firm that was diverse in its product offerings. As there is little in common among many of Citicorp's banking and financial service businesses, it wanted a practice field to have a large number of profit centers within it to parallel the Citicorp organization. Globalcorp reflects both the financial services nature of Citicorp as well as its line-of-business profit center approach.

Both the Northern Telecom and Citicorp programs were conducted over a week with participants in-residence, focused on developing leadership skills with respect to global issues and

a diverse workforce, and included lecture/discussion components to set the stage for the practice field session. Both programs included a multirater "feedback from home" assessment instrument as part of the program so that participants would have manager, peer, and direct report views of their skills based on previous job performances.

Participation in these programs was voluntary, prestigious, and limited to people who managed other managers (middle and upper-middle managers) and/or to people who had significant responsibility for a line of business or function. The enrollment in each program was handled through the human resources function. Each program had, by design, a culturally diverse group of attendees. This added to the challenges of managing a diverse workforce and attending to a variety of cultural differences in the ways in which issues are approached and people interact.

Northern Telecom's objectives in using Foodcorp were for participants to:

- experience new forms of leadership behavior and the microculture they create as Northern Telecom managers
- understand the interdependencies and tradeoffs inherent in modern organizational structures (e.g., matrix relationships)
- create and communicate a vision for that portion of the business for which each is responsible
- develop greater personal awareness of strengths and developmental needs in light of Northern Telecom's mission, vision, and values

In addition, the week-long program was designed to:

- endorse an environment which supports people development and continuous learning, and outline their commitment to continuous improvement in people, processes, and systems
- identify the impact of global marketplace/workforce issues in executing their roles as leaders in achieving the corporate vision and living its core values
- describe the factors that contribute to effective, positive change, and determine ways to resolve organizational barriers to facilitate change
- demonstrate the ability to apply team skills in building organizational networks and alliances

The Citicorp program was designed to help managers cope with the problems of leading effectively within the complex, fast-paced Citicorp culture. Issues such as dealing with ambiguity, balancing action with control, choosing priorities, and operating within constraints are addressed within the program. Specific objectives were to:

- define the challenges of managing effectively within the Citicorp culture
- practice strategic leadership and differentiate it from strategic planning and tactical management
- build upon and learn from Citicorp experiences and processes across businesses and time
- experience the process of creating a culture in an organization similar in size and scope to Citicorp
- identify, from a strategic perspective, the profitability and service dynamics of each business
- understand the interplay between products offered, distribution systems used, and customer segments served in different global markets

- identify the interdependencies among business lines and the tension between internal structure and external demands and perceptions
- develop a plan for applying the program learnings to the work place

Leadership in a Global Village -- The Results

Were the objectives in these two programs accomplished, and how did the behavioral simulation used help to accomplish them? Based on participant feedback following each offering of these programs and subsequent follow-up interviews, the program objectives were substantially met. Program evaluations of "*the extent to which the program objectives were met*" averaged for each of the 14 program offerings (48 behavioral simulations involving 357 people) from 4.2 to 4.7 on a 5-point scale ("5" being the most favorable response).

In each program, and for each application of Foodcorp and Globalcorp, the participants created their own global village; they became a separate entity with a distinctive culture, approach to issues, vision, and values for the duration of the simulation activity. These microworlds were the practice fields for the concepts espoused earlier in the program.

Based on participant and observer post-simulation assessments, extensive practice efforts were made by all but a few participants. These efforts were the behaviors that became the "raw data" for many hours of feedback discussion immediately following the simulation. Their practice efforts and the microworld they created were explored by them -- first individually, then as a global village. Through discussion, participants were able to identify opportunities to transfer both the successful and "still needs development" efforts of each person and their microworld to their respective work settings.

As a closing activity for each microworld that was created, participants were asked to summarize two generalizable personal insights and key learning points for their organization. These were documented on flip charts and fed back to other participants in other simulations as well as the parent organization. For the 48 microworlds discussed above, the following insights and organizational learnings were shared by five or more microworld groups:

<u>Insights</u>	<u>Frequency of Mention</u>
Those who say little may have the best ideas.	32
Creating a compelling image of the future is part of my job.	29
Blaming others is useless and destructive.	23
There are probably many right answers.	19
My personal style will dominate my skills if I let it.	15
Walking the talk is tough work.	12
Intentions and actions are not the same.	11
Life repeats itself until I learn; habits are hard to break.	9
I don't have to do it all myself.	8

<u>Organizational Learning</u>	<u>Frequency of Mention</u>
There is no one to blame, only problems to be solved.	34
Visions are of little value unless they are shared and compelling.	30
The enemy is us.	28
Simple solutions obstruct creative thinking.	21
Yesterday's solutions are often today's problems.	17
Structure must follow strategy.	12
Messy processes are not necessarily inferior to organized ones.	10
The past is not a reliable indicator of the future	8

Summary

Unlike other "practice sessions" where one or two program ideas are tried in a controlled, simplified setting, the Foodcorp and Globalcorp simulations brought out each participant's typical approach to issues and people -- including their views of cultural diversity. Post simulation discussions indicated that participants were trying hard to apply what they learned, but were often overwhelmed by the complexity and realism of the simulation activities and their interactions with each other as the leaders of the simulated company. Under stress, they did what came most naturally to them. Many tried to create a microworld that paralleled their real world. Outdated understandings and mental models of how things worked were hard to let go of -- even when asked to do so as part of the program.

Without intending to do so, participants often recreated in their microworld an inferior organizational system that was similar to the one that they had been living in, independent of the program concepts or their expressed desire to change. It was not until participants were asked to reflect on their actions and behaviors through a facilitated debriefing process that the above noted personal and organizational insights emerged. It is these insights and organizational learnings that are now being tracked in follow-up interviews. The interviews conducted to date confirm the nature of the personal insights and have begun to identify how the organizational learnings are being applied to specific business situations.

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