Personal Insights on Global Leadership from a Japanese Executive

By Masatsugu Fujii

Global leadership is a tough nut to crack. The world is a big place and everyone seems to have an opinion about how to develop the next generation of global leaders that we desperately need. I would like to share a few of my own experiences and insights from several decades as a Japanese executive working around the world.

An Unsuccessful Turnaround

In 1991, I was appointed as the CEO of a U.S. manufacturing subsidiary with the revenue of 200 million dollars. We sold vegetable oils and our biggest product was palm oil imported from Malaysia and Indonesia. But just about the time I became CEO, a major trade association was ferociously attacking us with claims that palm oil was "unhealthy jungle grease." There was no scientific basis for their claims so we basically ignored it except to present the accurate, scientific data. We did not think such an unscientific allegation would be effective. But we were wrong. Consumers were completely brainwashed, and suddenly we could not sell a drop of palm oil. Faced with the unprecedented crisis, the board instructed me to turn around this troubled venture quickly.

I tried all I could to save the company. Part of my effort included streamlining our operations through a restructuring plan. I knew we had to save every penny to survive. I had a vice president who had once been a star performer but had since lost his confidence because he could not sell palm oil no matter how hard he tried. My predecessor put him in a new role where he was charged to find new business opportunities but he kept the same vice president (VP) title and pay. My predecessor told him, "Japan has a "post-off" system where people move to the sideline with a pay cut when they reach 55. But I will not do this to you." And to me, my predecessor said "Just keep him busy."

It did not take me long to figure out the VP was not a good fit for the job. I decided to let him go. I did not consult with a lawyer, because, to me, it was a straightforward business decision. He was not producing results. But he was furious and hired a lawyer to sue me, my predecessor and the company on the basis of age discrimination. I had no idea why this happened, because age never entered my mind. As a result, I had to spend hours to settle this case."

Lessons learned:

(1) When in Rome do as the Romans do.

I had succeeded at similar kinds of business turnaround efforts in Japan. But my leadership didn't adequately account for the differences in dealing with the U.S. context. When palm oil was attacked, we should have fought back much harder. I tried to fight the attack using facts and data—an approach that would have been more effective in Japan. Presenting scientific facts was not enough for the U.S. market. What mattered was the perception people were given by the media. I should have consulted with a lawyer before I fired the VP. I should have known that the United States is a litigious society and much more oriented toward employee rights than the Japanese world of leadership where I had spent so many years. I learned my lesson.

(2) Bridge the communication gap

My predecessor was the kind of communicator you typically find in Asia—high context or an indirect communicator who avoided explicitly confronting conflict. It was hardly enough for him just to say to me "Keep him busy." The worst part was his brief comment to the VP about the Japanese "post-off" system. Despite his good intentions, his message was taken out of context and used against us.

A Successful Turnaround

I touched down in Bangalore in 1999. This time I was being sent as the executive director to a troubled cold-chain logistics joint venture that was between my parent company and a local consumer goods company. My parent company recently had become the majority shareholder of this joint venture. I was told before I left to keep an eye on the money invested.

I quickly realized that my job was more than to just to keep an eye on the money. On top of the large amount of debt, the company had many other problems including: lack of strategy, marketing, accounting system, human resource policies and leadership. I had to move fast otherwise the joint venture would go bankrupt. I needed to address all the other issues as well. I was representing the biggest shareholder, but I was the second in command. I had to work with a sharp, aggressive Indian who was the managing director (MD).

I started with money. I negotiated with several financial institutions to reduce our unbearable debts. And I had to come up with a strategy and devise marketing plans for our turnaround. I thought this would be best accomplished by a cross-functional team. I knew that my relationship with the MD would be extremely important because the employees were looking to see whom to turn ➤

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to: the man sent from the majority owner of the company (me) or the managing director. We gathered all the managers at our HQ to deliver the message that the joint-venture was going to be successful. I made sure the MD was behind me. I had to convey the right message that this innovative, pioneering organization needed to show that it was a united effort between me and the MD.

On the second day of our gathering, I stood in front of about a dozen managers who came to Bangalore to attend the event. I started to speak: "Today I would like to deliver three messages to you all. First: speed. We are the pioneers in this field. Nobody has done anything like what we are trying to do. But people will realize what we are trying to do soon enough and try to catch up with us. We must make sure we fully enjoy the first mover advantages. Next: simplicity. From my previous experience in India, I know business can be extremely complicated here. But our business should be simple: we create value and gain from it. Let's not be bogged down with bureaucratic red tape and other restrictions. Remember business has to be simple with a clear goal to be number one in the field with winning strategies. Third: self-confidence. I realize that the company has had some challenges. But with the additional investment from Japan, we are financially healthy now. I have negotiated with our financial institutions to reduce our debts to manageable levels. You may have had some doubts about the company's future. But now you can be confident we are on a path to a great success. Be self-confident and be part of a great organization in the making. Let's create our great future together!" And the MD affirmed my plan to the group.

Since our gathering, we felt truly united. The 7-Ss that are frequently lauded in manageable circles (Shared Values, Strategy, Structure, Systems, Style, Staff and Skills) were all in sync. We achieved monthly results in the black. We built additional facilities. Our trucks size grew from two to 90 and we grew from 75 employees to more than 500. Our client base grew to more than 100. We started to handle more than 3,000 types of products. We even started new, related businesses. We had an additional investment from a Japanese frozen food company. My parent company invested additional money to support the growth. The turnaround was a huge success. I did not do all this during my tenure. But my new approach to global leadership set the stage for the ensuing growth trajectory. This would never have happened had we not worked together as one cohesive team.

In 2006, I received an email from the Indian MD who said, "I am writing this note to inform you I am leaving the company. A journey started in 1995 ends today. ... Through this note I would like to say thank you for supporting me particularly with all my shortcomings. I have had an excellent relationship with you personally. You have been a friend and philosopher for me. I hope our friendship continues and I look forward to your visit to India. Once again thanking you and with my best wishes, (signed)." When I received this memo, I said to myself, "Isn't this what business is all about—work hard together, create value, build truly great organizations and establish lifelong friendships." I am thankful that I had come a long way from my experiences with the U.S. vegetable oil company where I assumed my Japanese way was the best way.

Lesson Learned:

The speech I gave our managers came from studying Jack Welch's leadership when I was at Harvard Business School. His emphasis on speed, simplicity, and self-confidence seemed to be what we needed most. But I knew these managers wouldn't be impressed hearing me reference my U.S. business degree or the GE icon. It was more important that they knew I understood the Indian context and believed that the MD and I were a united front. Behind the scenes, I worked with the MD to help him adapt his leadership style and worked with the key members of the cross-functional team to move toward a more collaborative approach to problem solving rather than the hierarchical top-down approach they were accustomed to. This collaborative process had to begin with the MD and me. As a result of our mutual efforts, we became great business partners and true friends.

In addition, I needed a macro understanding of the business. I needed financial expertise to deal with the lenders, an ability to devise strategy, speak into marketing and give attention to manufacturing. Too many companies in many cultures silo people into narrow specialties like accounting, marketing, manufacturing, research and development, etc., and then can't find anyone to lead internally. Leaders must learn to step out of the areas of their expertise and gain a general understanding of pretty much everything so that they can spot trouble areas, solve them and lead their organizations to success.

Training the Next Generation of Global Leaders

Now I spend most of my time training the next generation of global leaders. Here's what I emphasize with them based upon a lifetime of experience and the research and contributions of others.

Step 1: Managers vs. Leaders

Those of us who have been in leadership for a while may forget the value of pointing out the differences between managers and leaders. John Kotter, Harvard Business School emeritus professor and a leadership guru, says it best, "Managers deal with complexity. Leaders deal with change." Unfortunately, many organizations promote competent mangers to become officers and directors. What they really need is more leaders and fewer managers!

Step 2: The 3 Qs

Offer a simple global leadership model. Many consultants and trainers offer key behaviors that define great global leaders. While their lists are often very useful, I am afraid that they are far too complicated for many managers, particularly those operating outside the Western world. Most managers will not easily understand the technical phrases such as "frameshifting." You will probably end up spending a lot of time explaining what they mean and not bringing about results. I focus on what I call **The 3 Qs: IQ, EQ and CQ**:

1. By **IQ**, I mean functional skills. These are the basic business skills good managers need to function intelligently. They are marketing, accounting and finance, strategy and other subject-matter expertise learned at business schools or trading skills acquired on the job, regardless of where you lead.

2. By **EQ**, I mean authentic leadership that I believe is the way emotional intelligence relates to global leadership. Professor Bill George of Harvard Business School and former chief executive officer of Medtronic proposes that anybody can be a leader but they have to be true to their own style. You don't have to copy Jack Welch and if you try, you won't be authentic because you're not Jack Welch. Bill George says authentic leaders have learned from their crucibles—reflecting on the challenges faced in their life, how they overcame them and the lessons learned. As I teach young leaders, I regularly share the kinds of stories I've shared in this article because it helps them see how I've had to develop in my own leadership journey.

3. By **CQ**, I mean cultural intelligence as defined by Livermore, Ang, and Van Dyne. CQ picks up where IQ and EQ leave off, and it's the capability to function effectively across various cultural contexts (national, ethnic, organizational, generational, etc.). It helps any aspiring manager lead effectively across borders and it's an academically sound way to predict their performance cross-culturally. But I like that it's also extremely practical and it stems from an Asian perspective and research as well as Western. The powerful components that make up CQ (Drive, Knowledge, Strategy and Action) are things I can easily assess and develop in the global leaders I mentor and teach.

I believe managers who are given overseas assignments need to demonstrate these 3 Qs competencies to be successful. And I use a variety of assessments and case studies to measure and teach the 3 Qs to them. Whenever possible, I use case studies based on real-life examples. But it's important for leaders to emphasize that there is no one single correct answer. That's a key aspect of being an effective global leader.

Step 3: AAR (After Action Review)

Whenever possible, I make it a practice to visit the leaders I've trained after they're gone overseas. I visit them in the "war zones" where they face real-life challenges. You can coach them or sometimes learn new things from them whereby you can share your new learning with your next group of participants. I often write cases based on my interviews with them. I believe this follow-up process is critically important to assess how effective your training was and to learn how you could improve your next program. P&S

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