

GLOBAL VIEW



The multinational talent organization

One company's approach to building a global team

What does it take to transform a business that operates globally to one that genuinely behaves as a seamless global organization — one that optimizes talent by putting the right people in the right positions, regardless of geography; that surfaces the best ideas from every corner of the organization and then shares and applies those ideas broadly; and that has evolved to a culture that transcends regional and local boundaries and cultural legacies from the country of origin?

How do companies that get global talent management right maintain the richness of the differences each local culture brings — while getting the best of each?

Few companies can claim to have successfully built such an organization, but many are pursuing organizational and talent strategies designed to provide global teams with the right mix of support and autonomy and to develop and surface strong management candidates from across the company. One company that has made the global flow of talent and ideas a priority is Starwood Hotels & Resorts. CEO Frits van Paasschen spoke with Spencer Stuart about the approach Starwood has taken to building a global talent organization.

How do you think about talent and building a more global culture and leadership team?

In many respects, talent and culture go hand in hand. I felt, for example, that in order to have a global company, I had to have a senior leadership team that wasn't dominated by any one nationality. So, somewhat by design but also through some luck, I've been able to set up our leadership team so that more than half of our leaders are non-U.S. in origin. Now, there are plenty of us, including myself, who spend significant time in the U.S., but fundamentally there's still a difference between people who are one nationality versus having a team of people who represent different parts of the world. Having operated for three or four decades in many parts of the world, we have a great pipeline of people with a lot of experience from the different areas.

It's a function of human nature that where you stand depends on where you sit, and if you have a global role, what frustrates you is why things have to be different in different places. If you sit in markets that have distinct characteristics, you have to live with the fact that there appears to be a global cookie-cutter way of doing things that doesn't quite work here. In the end, most of the decisions that are built around those tradeoffs aren't straightforward analytical decisions, they're judgment calls. In order to have the best judgment calls, you need to set up a culture where the center listens to the field. That doesn't mean the field gets everything they want, but that they have the opportunity to be very clear about what they feel they need.

What have you done at Starwood to create a more global, inclusive culture and executive team?

One of the things we did was move our headquarters to China for a month last year. Even prior to that, I made it very clear to the organization that I was going to spend time in the field — not to oversee and direct the operations, but to draw attention to the most significant needs of operations in different parts of the world and how we would have to think about adapting and changing our approach in order to be successful.

We also have evolved our process for identifying and evaluating leadership talent. An issue for global companies when reviewing talent is that people at the center tend to rise faster and tend to have an easier time being seen as vice president, senior vice president and so forth. At Starwood, I've advocated for a bias toward making sure that the field has at least the same level of

Frits van Paasschen

President & Chief Executive Officer, Starwood Hotels & Resorts Worldwide

CEO of Starwood since 2007, van Paasschen previously was president and CEO of Molson Coors Brewing Company's largest division, Coors Brewing Company, prior to its merger with Miller Brewing Company. Before joining Coors, he held senior executive roles with Nike and Disney Consumer Products and was a management consultant at McKinsey & Company and the Boston Consulting Group.



Starwood Hotels & Resorts Worldwide has 1,134 properties in nearly 100 countries and 154,000 employees at its owned and managed properties.

status as some of the global roles, recognizing that while the scope of some of those field roles may be somewhat narrower in terms of the absolute size of the business, they have a wide breadth of responsibilities as the face of the company in markets like India or the Middle East or South America, and we make sure that that's been reflected in the leveling of those roles.

What kind of a review process do you do at the very highest leadership levels with global talent? What are some of the steps you're taking to stay on top of this cadre of people?

It plays out at a few different levels. We have a global review of roughly the top 300 or so people in the company, and we go through those positions and people globally. When you've got that many people, some of them don't get a lot of air coverage, but there's certainly discipline around making sure that we aggregate and look at those roles.

At the same time, each of the functions has a global community, if you will, that looks at talent in their specific area and makes some moves based on the development

programs that some of the folks have in a specific function.

Finally, we have a separate review of the operating side of the business because of the sheer number of people, so that we have a good idea of what the hotel general manager and hotel executive committee pipeline is, and we make sure that we're funneling experienced people into markets where that experience is especially important.

Going back to the headquarters move, the move to China received a lot of attention and external visibility. Talk a little bit about the impact on your team.

The move did receive a lot of attention and press coverage, particularly in China, where it was interesting that a Western-based global company moved its headquarters there to go where the growth is, but that wasn't what I expected nor was it the intent of going. I really wanted to send the signal both ways within the company.

Saying that we're global and want to have a global perspective is one thing, moving the headquarters and forcing people in world headquarters to have to adjust their own personal calendars for conference calls for the other side of the world and knowing that the senior leadership of the company has seen the importance of a market outside of the home market is really important. It's not just a symbolic act, although it's certainly that, but one that forces new behaviors and thinking.

Toward the end of our time there, we set up a conference call for the morning of July 5th, which was the evening of July 4th in North America. I had forgotten about that, and I can only imagine that there were people in headquarters rolling their eyes. In retrospect, that may have been the best thing to happen, because how many times have we scheduled a call going into Chinese New Year's or Ramadan or on Friday when people are off in the Middle East. Those are the things that really communicate.

The other important result was that it signaled that we wanted to listen to the field. In a global company, the lingua franca ultimately is going to be English, and the prevailing culture for a company that started its life in the U.S. is going to be Anglophone and more American. It takes some encouragement for people from different cultures and for whom English is not the mother tongue to feel comfortable stating a contrary point of view. By

going to China and telling the team there that I had brought the senior team there to listen to them, I was working to embolden them to be clearer about what they need to get us to the next level in the market.

And did the move have that effect?

Absolutely, it has, and one measure of that from my perspective is now when I have multiple people from China on the phone, they're comfortable disagreeing with each other in front of me in spite of whatever hierarchy might be there. They know that I'm on the phone to hear the dialogue and the debate and to try to get the best answer. That wouldn't have happened before the trip. It was not just the move by itself that did that, because I had spent a significant amount of time traveling before moving the headquarters. It just put it in bold font for folks in the company.

Going back to talent, when people in the field don't feel like a puppet for headquarters, you're going to get better people to operate. I want our folks in different markets around the world to feel like they run our business there, and the global platform that we have provides infrastructure, resources and a source of direction but is not a straitjacket.

One of the practical challenges companies face when building a global talent organization is people's willingness to move for family reasons. Have you found any ways to effectively overcome those challenges to moving talent around?

We are blessed by the fact that we are in a business that people have chosen to be in because they think it would be really interesting to work in Turkey or in China or in Indonesia, and so we have a lot of folks who are very excited about the idea of being part of a burgeoning operation in a market where we may not have had as significant a presence in the past. Nevertheless, international moves can be challenging for many people.

One of the things that we're starting to do now is have mini relocations. The idea is essentially to have two people from two different markets switch jobs for 90 days. The exchanges tend to be within functions, and so they're largely driven at the initiative of functional leads, for example, two sales people swapping positions. That makes the whole life, logistics, expat piece less

of a barrier, and yet even a shorter exchange can make a big difference in people's perspectives.

What have you done to influence perceptions at more senior levels of the organization?

Another thing that we did that I thought was important was, for the first time in the history of the company, we took our Leadership 100 meeting outside of the U.S. to Beijing. Each of the regional leaders had the opportunity to speak briefly during our leadership conference call, again to emphasize to the whole company the commitment we were making to this market. It was surprising to me how many people in very senior roles in the company had never been to China before.

I remember sitting at dinner with a senior executive in our European organization and he was surprised to hear the rate of growth in China and what we were doing there. While it may seem less important to have a regional leader go to China rather than someone from world headquarters, the whole idea of being global is that we have to think globally from wherever we sit. Bringing the European team to China was important, and one of the things that came out of it, by the way, was a recognition that we could do a better job selling to Chinese outbound travelers as they came to Europe.

This is a work in progress for Starwood as it is for everyone. What do you predict the future will be in terms of the makeup of your leadership team, the flow of people, etc.? How do you see this evolving into a more advanced state in the foreseeable future?

One of my goals is that this becomes such an embedded part of how we work and think that it isn't

something that we have to try to implement. We're not there yet, and it may be the case that we never actually reach that point, but my goal would be that this becomes such an automatic way of how we think about our business that the first thing we think of when we roll out something new is how do we get it into nine languages immediately and how do we measure and monitor performance around what we're doing.

Under the rubric of "globalization isn't Americanization," there are things that we're doing in other parts of the world that are better, more cutting-edge, different in ways that could be very useful that we need to make sure that we learn. It's not just a question of transplanting global talent out into the field to teach the field, it's making sure that the learning runs both ways. In China, for example, learning about how so many travelers there book at the last minute and book via mobile device made us realize how important it was to move our web-based activity to mobile. What we're learning in China about smaller, more disparate accounts has been very helpful for us in other markets around the world.

Part of establishing these behaviors for the long term is building broad support for our approach, which we have done at the senior levels, especially. We have a senior leadership team that appreciates and is thoroughly committed to this idea of a global mindset. I travel a lot, as I mentioned, and the invitation is always open to my senior leaders to join me on those trips. Enough of them have done that enough times over the years that I would say that it's embedded in the mindset of senior leadership. The ongoing challenge, in some respects, is to make sure that mindset becomes pervasive at all levels of the organization.

This interview was conducted by Jerry Noonan, Boston, who leads the firm's global Consumer Practice and is a member of the North American Board & CEO Practice.

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