



“Some of our clients perform this function for global corporations. It demands a very special range of leadership skills, local contacts and territory knowledge.

Supporting them is one reason why we maintain three locally-based coaching teams in Europe, Asia and USA.”

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The role of the Regional Head in global corporations

Unsung heroes or corporate policemen?

Iain Martin reviews the pivotal role played by territorial heads in large corporations.

Interesting role, isn't it - that of the regional or country head? Often these are the 'unsung heroes' of the corporation, most visible only when something goes wrong and a scapegoat is needed.

“Think global, act local” is the oft-repeated mantra of head offices located in far-off parts, in places as varied as rural ‘one-horse towns’ and major financial centres. Often their locations result from historical reasons such as the presence of river water for mechanical machine power, access to merchant finance or the source of basic chemicals for their early products.

They mostly share three features:

- their locations are no longer relevant to the global business but they are tied to them out of community loyalty, local networks, inherent corporate knowledge or sheer inertia
- they are a long way from their international markets
- they house experienced senior leaders who have first-class macro business perspectives and detailed product knowledge but who may have little current awareness about conditions on the foreign ground.

Just as a country's Special Forces serve as Military Command HQ's ‘eyes and ears on the ground’ to spot trouble and verify targets, so country and regional leaders provide local insights and personal influence to support corporate head offices.

In the past, this combination has greatly assisted the successful growth of global business.

Sadly though, the ever-growing demand from impersonal short-term investors for profit growth has pressured corporate leadership to cut costs. Often this has meant reducing headcounts and, since it is not easy to offer to cut off your own head, global HQs have eliminated or downsized remote regional organisations instead. While this has indeed led to some trimming of redundant overlap, it has much more eliminated the 'eyes and ears' of the business in its global markets. In complex countries and regions, this has been costly. It promises to be even more so.

This hit me with significant force this week as I listened to an expert in Switzerland speaking about China's Social Credit System. While its founding tenets are not new, the current concept is to unite myriad databases containing sensitive financial and non-financial information about corporations and individuals in one vast electronically-connected real-time network. This will give rise, inter alia, to an overall score for the reliability assessment of companies and credit-worthiness of people on which many key decisions can be based. Even small infractions are now being recorded and shared between many Chinese government agencies. It is potentially open to manipulation to support partisan interests.

Since the emphasis is on non-conformance and the penalties for transgression can be huge, this Social Credit system is a minefield for all. Without the 'eyes and ears' of corporate 'Special Forces' on the ground in East Asia, head offices of global corporations are now flying blind and deaf in one of the world's most important markets.

It may seem like a smart cost-saving now, but global corporations must be aware of the hidden costs of what happens without the inside information and local influence of regional leaders. Even more damaging perhaps, is the cost of what does *not* happen. Well-run country and regional leaderships play a key role in sustainable business success.

Part-diplomat and part-business leader, regional or country presidents often have wide responsibility with little power - thus calling on the highest level of influencing skills to achieve anything. The job demands careful balancing of pressures from the local communities and markets against those from the remotely-based managers of global business units.

Territory heads need to be skilled 'two-faced' operators. That is, they need to know the markets, the socio-political forces and the external influencers/decision-makers in their territory and, at the same time, understand the levers of power politics inside the corporation.

They have a policeman's value too - preventing bad things from happening in the territory.

Usually seen as an expensive cost centre, local heads are often under the 'cost reduction' microscope for cosmetic short-term gains and under suspicion by global business unit leaders who carefully guard their own decision-making power.

Done well, local representation is a first class training ground for business leaders with potential for the highest corporate levels. Done badly, it can cost the business dearly.