



CHRONICLE

Dedicated to bringing interesting leadership trends to senior executives focused on integrity and values.

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"Success consists of going from failure to failure without loss of enthusiasm."

Winston Churchill

Global Employees

With the lower production costs in China, good economics is causing US businesses to take advantage of the world's largest market for products and services by opening up manufacturing plants in Asia. China has 1.3 billion people and an economic growth rate over the past few years of about 9%. Steven Dollinger, a Crimson Managing Director, made the following statement: "we see the development of China-based capabilities as critical to the success – and even survival – of many US manufacturing businesses. Those businesses acting quickly to build or access such capabilities can dramatically improve their competitive positioning and take market share."

But how does a company prepare its employees to succeed in a culture that is so very different from the US? Some companies are hiring consultants who will aid their employees in cultural awareness, team building, cross-cultural management and country-specific skills and training. This may also include expatriate and individual programs for employees and their families, executive coaching and repatriation. They supply innovative global services to assist international managers, short-term business travelers, employees and the families on international assignments and diverse work groups requiring assistance operating within and across cultural boundaries.

Even if you have no plans to operate a plant in Asia but plan on doing business globally, companies need to equip their employees with the respect for other



cultures and the tools needed to succeed. Some of the hurdles they may come across include:

- Integrating organizational cultures during mergers and acquisitions
- Working across national, organizational, and professional borders
- Identifying, developing, and retaining key talent and future leaders
- Leading a diverse, multicultural workforce
- Enhancing your return on investment in international operations

Preparation is the key to success when entering the global arena. But don't forget to prepare the employees who will represent your business interests; whether it entails relocation, one-on-one meetings or just phone etiquette, paying attention to details is a vital ingredient to global expansion.

In a recent **Human Resource Executive** article, Barbara Fender, Dir. of Global Initiative at Worldwide ERC in Washington said "Companies need to get talent into the right place, despite everything that's going on in the world. But if they don't give their assignees the training to be able to deal with staff in other countries or cultures, there will be real hard skills left lacking in their program."

Global leaders need additional skills to accomplish their goals and an article from managingoffshore.com list the "X Factors" as follows: (continued on page 2)

IS SUCCESSION PLANNING THE ONLY ANSWER?

Last issue we had an article about the lack of succession planning in most companies. But even companies that do have a succession plan in place often find themselves recruiting from the outside. According to a recent article in **Human Resource Executive** magazine, the reason this is happening could be that their growth is outpacing their own expertise. The evolution to more technology-progressive leaders is not happening as fast as the technology is changing. The internet speed of information transfer affects all aspects of doing business and that can leave a company lacking in-house leaders. Looking at the competition for senior leaders brings new expertise to the organization and also gives them an advantage on the marketing and strategic planning needed to move ahead. Recruiting from the competition happens every day, in every industry, and is considered an effective way to add incremental value to any business. The reasons executives move around is to gain more knowledge, develop better skills and enhance their exposure to meet the people able to grow their career.

So having a succession plan in place is good business, but don't feel bad if you still have to go outside to find the greatest candidate for your position. As Jim Collins said "The single most harmful step you can take in a journey from good to great is to put the wrong people in key positions".

EMOTIONAL INTELLIGENCE PART 8

Daniel Goleman wrote: "Emotional intelligence is born largely in the neurotransmitters of the brain's limbic system, which governs feelings, impulses, and drives. Research indicates that the limbic system learns best through motivation, extended practice, and feedback. Imagine an executive who is thought to be low on empathy by her colleagues. Part of that deficit shows itself as an inability to listen; she interrupts people and doesn't pay close attention to what they are saying. To fix the problem, the executive needs to be motivated to change, and then she needs practice and feedback from others in the company. A colleague or coach could be tapped to let the executive know when she has been observed failing to listen. She would then have to replay the incident and give a better response; that is, demonstrate her ability to absorb certain executives who listen well and to mimic their behavior.

With persistence and practice, such a process can lead to lasting results." Warren Bennis, renowned leadership pioneer, author and researcher said, "In the fields I have studied, emotional intelligence is much more powerful than IQ in determining who emerges as a leader. IQ is a threshold competence. You need it, but it doesn't make you a star. Emotional Intelligence can." In a recent study done by the Graduate School of Business, RMIT University Australia, their initial findings suggest that expatriate leaders' emotional intelligence and cultural intelligence can positively impact cross-cultural leadership effectiveness, and thus contribute significantly to the success of effective expatriate leaders working in China.

Emotional intelligence is also a part of maturity so it is never too late to practice to improve your EQ.

http://m05.cgpublisher.com/proposals/377/index_html#author-0

"I want to live in such a way
that when I am called, I am
ready."

Abraham Lincoln

Global Leaders x-Factor

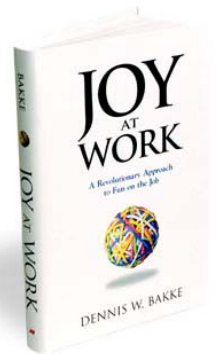
1. **Helicopter vision** – Executives need the ability to detach themselves from individual sources and markets dispassionately. They also need the capacity to bundle different mixes of products, services and resources to be facilitated in several locations.
2. **Commitment to current assignment** – Too many expatriates are planning for their next career step from the day they arrive on location. Commitment to delivering results is more important than a date to return for the next promotion.
3. **Cultural flexibility** – Many expatriates build a cultural bubble, eating only at McDonald's, joining the local American Club instead of valuing the local culture. Executives need to enthusiastically understand and embrace local cultures, languages and customs to succeed.
4. **Developing local talent** – The cost structures of many multinationals are permanently bloated by a revolving door of expensive expatriates. The successful leader sees the value of developing local talent, not only for the everyday management of the company but also for the foresight of his or her own succession planning.
5. **Political persuasiveness** – The successful leader has the connections and personal skills to persuade executives in remote headquarters who may not think globally, of the importance and relevance of his or her assigned responsibility. This must be done without exaggerating the importance of resources or markets the leader controls.

Book Review

Can you imagine a company that puts employee satisfaction ahead of profit as a company goal? Dennis W. Bakke co-founded international energy giant AES in 1981 with the business model and operating philosophy — "let's have fun." In the next two decades, AES became a worldwide energy giant with 40,000 employees in 31 countries and revenues of \$8.6 billion.

In his new book, *Joy at Work, A Revolutionary Approach to Fun on the Job*, Bakke tells the story of how he challenged the business establishment with revolutionary ideas as cofounder and longtime CEO of AES. Bakke uses the success story of AES to make his case that the "stranglehold of creating shareholder value" can be replaced with more timeless values: integrity, fairness, social responsibility, and above all, fun. Bakke presents the case that corporate success can be achieved by giving employees unprecedented responsibility and respect, while holding them strictly accountable.

Joy at Work, A Revolutionary Approach to Fun on the Job is part memoir and part inspirational business model. It is a remarkable story told by a remarkable man. From farm boy to the executive suite — this is a story about Bakke, the success of AES, the pursuit of a vision, and the belief that this vision can become a reality if companies are willing to take the leap and practice what Bakke preaches.



POSSIBLE HAZARDS OF PSYCHOLOGICAL TESTING

In Issue V of the Chronicle we wrote about the growing trend of psychological testing in the hiring process. Many of our clients use them as an additional way to evaluate a finalist candidate. However, a recent case of *Karraker vs. Rent-A-Center* throws a different light on the procedure.

The Minnesota Multiphase Personality Inventory (MMPI) psychological test was given to a specific group of Rent-A-Center (RAC) employees to evaluate them for promotions. This test was part of a nine-test profile designed to measure math and language skills as well as interests and personality traits. Some of the true or false questions on the test included: "I see things or animals or people around me that others do not see," "I commonly hear voices without knowing where they are coming from."

The court stated that RAC used the results in part to reveal mental illness or psychiatric disorders. They found the test to be a medical exam as defined by the EEOC. According to the ADA, personality tests are permissible if they are used for non-medical purposes which they described as determining whether an applicant is likely to lie or to determine tastes and habits. If the test is used to determine an applicant's anxiety, depression or mental illness, then the employer is in violation of the ADA, which protects people with physical disabilities as well as mental impairments.

The bottom line is to administer a test that does not delve into a person's psychological profile in a way that would violate the ADA, but instead measures management, organizational and communication skills, personality traits and integrity.

ASLON Brings Two Executives to Ohio

Steve Sigmon, General Manager at Master Chemical, a global company that has consistently been a world leader in the scientific research and development of cutting and grinding fluids. Steve will be responsible for the overall design, implementation and continual improvement of the sales, marketing, manufacturing and supply chain process. Steve will play a lead role in accomplishing their vision of growing the business significantly over the next three to five years. Steve, who will be moving from Connecticut, was the Vice President/General Manager Fastener Business of Danaher Corporation and before that he was the President, Camco Division at Emerson Electric Company.

Jim Shaffer, Treasurer for Tosoh America Inc., the NA Headquarters and a global supplier of sputtering targets and broad based quartz products for the semiconductor industry. Jim will directly oversee all of the financial functions and advise the President and other leaders on significant event transactions for their complex multi-entity group. Jim came from Fischer Scientific in Pittsburgh, where he was the Finance Director and before that a Vice President/Controller and Treasurer for Iron Age Corporation. He received his MBA from Duquesne University and his BA in Accounting from Mercyhurst College.

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Be not afraid of growing
 slowly, be afraid only of
 standing still.

Chinese Proverb

Mission Statement

Our mission is to be the leading integrity-based retained search firm focused on identifying, assessing and delivering world class leaders.

Interview with Tim Smith on His Recent Trip to China**Why did you go to China?**

In April of this year I was drawn to visit China to experience a very different culture at a time when East and West are receptive to learning about each other in areas that interest me: Christianity, commerce and leadership.

What impressed you the most about their lifestyle?

The average Chinese person lives a life of conservative modesty in their wants and needs. In the city of Shanghai, where we spent the majority of our time, there was also a need for less individual space in every inch of life. Lastly, I observed an intentional, serious and productive approach to the routine aspects of life.

What did you find different about their business operations?

The safety regulations were much more lenient and that was noticeable immediately at the manufacturing facilities. The serious and fastidious nature of the workers was apparent and consistent with people on the street. The people we met in leadership roles were well educated, quick witted and dedicated to their business. Their expectations on the results were high, however, the expectations on the personal side relative to quality of life were low as reflected by their culture and surroundings. Most of the workers we met were committed to productivity

Other noticeable differences observed in their business world:

- Being late for an appointment is considered a serious insult in Chinese business culture
- Conservative suits and ties in subdued colors are the norm. Bright colors of any kind are considered inappropriate
- Two-hands are used in giving and receiving a business card
- Acknowledgement of the most senior person in a group is given first
- They do not use their hands when speaking and will only become annoyed with a speaker who does.
- Negative replies are considered impolite. Instead of saying 'no', answer 'maybe', 'I'll think about it', or 'We'll see' and get into specifics later. You'll find that the Chinese will do the same. When your Chinese counterparts smilingly and politely or even enthusiastically say 'No big problem' or 'The problem is not serious', they usually mean 'There are still problems.'

What advice could you give to companies contemplating expanding their operations to China?

Start strategic thinking from a global perspective with your current management team. I would quickly advise any company considering expanding to China to have a strong interface for communication to break down the cultural differences. Hiring indigenous Chinese leadership on the ground would be a priority for me also if I were advancing a manufacturing concern in China.

