Executing in Global Virtual Environments: Why Organizations Struggle (Part 1)

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Summary

The number of global virtual work environments is rapidly increasing as businesses and organizations execute global strategies to grow revenues, reduce operational costs or fulfill their mission. Global strategies offer tremendous benefits including easier access to global talent, increased productivity by leveraging time-zone difference, and the opportunity to draw on regional expertise to develop new markets, products, and services. In our experience, many organizations underestimate the underlying complexity (see figure 1) that comes with working in a global virtual environment. They do not think of developing global virtual competency as a strategic lever to increase performance and protect their investment; however this is changing due to the rapid pace of globalization and growing workforce diversity. Developing global virtual competencies goes beyond increasing individuals' skills and knowledge as is the case with traditional training programs. Real success requires mindset and behavior changes at all levels of the system that is best achieved through integrated group learning and focused application to relevant work experience and business outcomes.

Figure 1: Complexity Factors

Why Organizations Struggle

The challenges of working productively also intensify as new ways of working together become more complex than ever before. For example, a large Bio-Pharmaceutical's strategy was to transition from conducting all

clinical trials and compiling marketing applications internally to outsourcing these functions to providers in Europe and Asia Pacific. While economically attractive, the organization was not fully prepared to deal with the increased operational complexity these changes triggered. In turn, this put pressure on organization members who, while having performed well in more traditional co-located settings, did not possess the expanded leadership skills and cultural and virtual competencies required to succeed in this new global work environment where human factors and organizational dynamics are magnified.

Many organizations don't view this type of change as being fundamental, choosing instead to treat it as if it were an event rather than an organizational transformation. Increased operational complexity often falls "below the radar" of senior executives as they remain focused on forward-looking strategic issues, and many do not adjust their organizational constructs or seek to acquire the additional competencies needed for their people to operate productively in more complex global operations. The tendency is to treat this type of change as if it can be installed, processed or administered.

Research shows that managing global virtual teams takes 50% more time and attention than co-located teams[1]. Building trust and meaningful business relationships virtually can be difficult, and decision-making in a multi-cultural environment necessitates the ability to successfully facilitate the co-existence of differences. Other significant challenges we find that derail many groups and teams from achieving their objectives are differences in communication and management styles, vocabulary inference, and ineffective use of communication technologies.

Proactively reducing risk to execution

The successful realization of any global strategy depends upon an organization's ability to quickly adapt to new ways of thinking, behaving, and working together in new circumstances. This makes it especially important to be proactive at the day-to-day functional level by recognizing that operational complexity has increased and applying a "business as usual" approach will likely increase execution risk.

As illustrated in figure 2, Path A organizations tend to apply traditional management and operational practices that are successful with co-located groups to geographically dispersed, multi-cultural groups who work together predominately via technology. In our experience, this approach often generates unintended consequences that can directly contribute to project delays, unanticipated cost increases, and customer dissatisfaction.

Figure 2: Two Paths with Different Outcomes
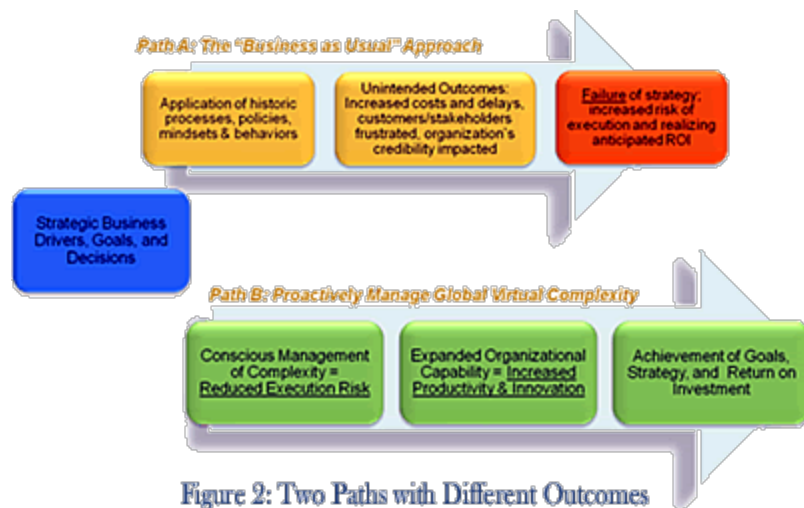
Path B organizations proactively work to identify and reduce risk by working collaboratively to develop and adopt new ways to accomplish traditional work. Complexity is anticipated and prepared for by building a strong foundation of internal global virtual competencies. These organizations facilitate the co-existence of differences by engaging their diverse resources and leveraging that diversity to increase group learning and innovation. They recognize that trans-cultural effectiveness is not measured only by the degree to which one can comprehend other cultural values, but is measured by the competence and ability to manage the ongoing dilemmas.

Addressing global virtual competency

Success in attaining global virtual competency depends on organization members' ability to steer their actions with conscious decisions rather than engaging in "programmed" behaviors. We have identified a framework of competencies (see figure 3) that are required to operate successfully in today's global virtual environments. These competencies are designed to support and build on each other. For example, to attain an ambassadorial leadership style[2] one must possess high self-awareness, strong cultural competence and be a skillful communicator. For team leaders to determine the appropriate usage of technology, they must understand when a personal connection is required based on the stage of team development and its cultural make-up. They must also be attuned to the criticality of facilitating the transfer of "context" or the meaning of the communication between diverse team members.
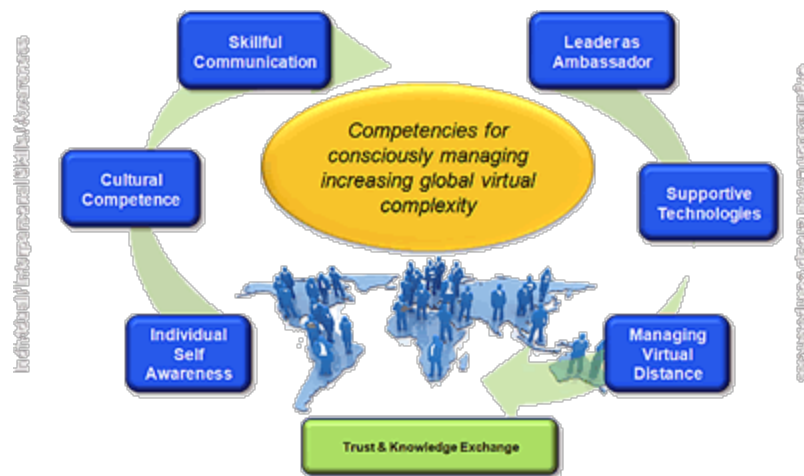
Figure 3: Gens and Torchia Global Virtual Compentency Model

We recognize that a "one size fits all" approach is not realistic as every organization is unique. We have learned from our client experiences that many organizations will have different competency needs within different divisions or even different locations. The ability to achieve competency "critical mass" depends upon having an understanding of business direction and assessing current competency levels. Identifying and prioritizing the work that is required will move an organization closer to achieving its business goals and reducing execution risk.

The path to global virtual competency requires a multi–faceted approach that takes into consideration alignment with strategic business goals and processes, collaboration methods, and human factors combined. Organization Development (OD) practitioners can play a vital role in facilitating this process with key business stakeholders by utilizing competency diagnostic models that are grounded in business objectives and outcomes. In addition to understanding the competencies required for development, the application of OD transformational change models are useful in guiding the client system through the change. Most importantly, we find that framing the global virtual competency discussion in business terms goes a long way toward gaining client understanding and commitment, resulting in their being motivated to "own" the work.

References

[1] Dyer, William, Gibb, Jr. W., Dyer, Jeffrey H. (2007) Team building: proven strategies for improving team performance (4th Ed.). San–Francisco: John Wiley and Sons

[2] Sobel Lojeski, K. & Reilly, R. (2008) Uniting the virtual workforce; transforming leadership and innovation in the globally integrated

enterprise. Hoboken, NJ: John Wiley and Sons

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