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Leading across Cultures

How to successfully build and sustain global R&D teams

Key note at the IEEE International Conference on Global Software Engineering 2015

Ciudad Real, July 15, 2015

Agenda

- About “Leading” and “Culture”
- Origin of the Corporate Development Center
- Case Study
- Results and Recommendations

Leadership

<https://en.wikipedia.org/wiki/Leadership>

Leadership has been described as

"a process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common task".

For example, some understand a leader simply as

- somebody whom people follow, or as
- somebody who guides or directs others,

while others define leadership as

"motivating and organizing a group of people to achieve a common goal".



→ In our context “leadership” is about motivating and organizing a group of people to achieve a common goal“.

Leadership concepts – What really matters

20 Leadership behaviors according to McKinsey

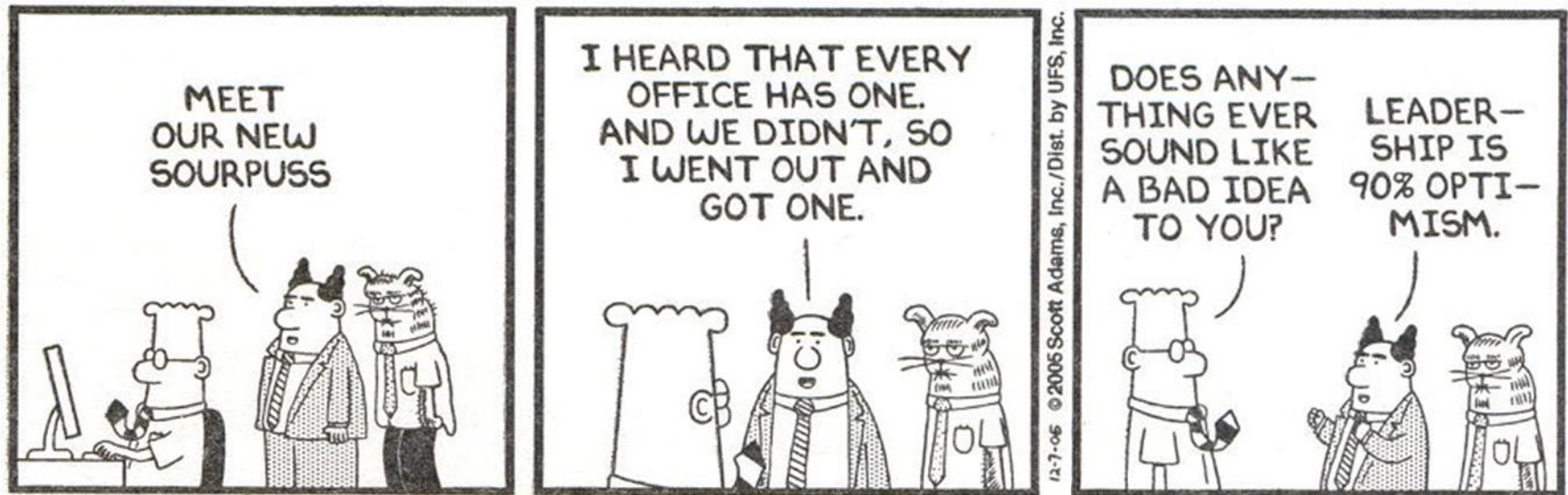
1. Be supportive	11. Keep group organized and on the task
2. Champion desired change	12. Make quality decisions
3. Clarify objectives, rewards, and consequences	13. Motivate and bring out the best in others
4. Communicate prolifically and enthusiastically	14. Offer a critical perspective
5. Develop others	15. Operate with strong results orientation
6. Develop and share a collective mission	16. Recover positively from failures
7. Differentiate among followers	17. Remain composed and confident in uncertainty
8. Facilitate group collaboration	18. Role model of organizational values
9. Foster mutual respect	19. Seek different perspectives
10. Give praise	20. Solve problems effectively

→ Four kinds of behaviors account for 89 percent of leadership effectiveness!

Source: McKinsey, 2015

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In addition, leadership is 90% optimism!



Culture...

“...is the collective programming of the mind which distinguishes the members of one human group from another...” (Hofstede)

“...is a specific system of orientation, which takes into account certain rules, norms and mental attitudes.” (Goethe Institute)

“...is the “operating system” of a society.”

“...defines the way a society functions.”

*“The nature of human beings is always the same.
What disunities them are their customs.” (Confucius)*

Characteristics of Culture

Culture

...is particular to one group and not others.

- The values of a culture are shared to varying degrees by all members.

...influences the behavior of group members in uniform and predictable ways.

- A leader who understands the cultural values of the workforce can make some predictions of how the employees will behave in routine situations.

...is learned, and is not innate.

- It is passed down from one generation to the next and is learned in very early childhood.

...includes systems of values.

“Accepted Behavior” in different cultures varies...



... as well as expectations

What attracts people to a join a company

Emerging Economies	China	India	Mature Economies	Germany	UK
Career advancement	1	1	Competitive salary	*	1
Competitive salary	*	*	Convenient work location	2	2
Challenging work	*	3	Sufficient vacation	*	3
Learning & development opportunities	2	2	Challenging work	1	*
Competitive benefits	3	*	Flexible schedule	3	*

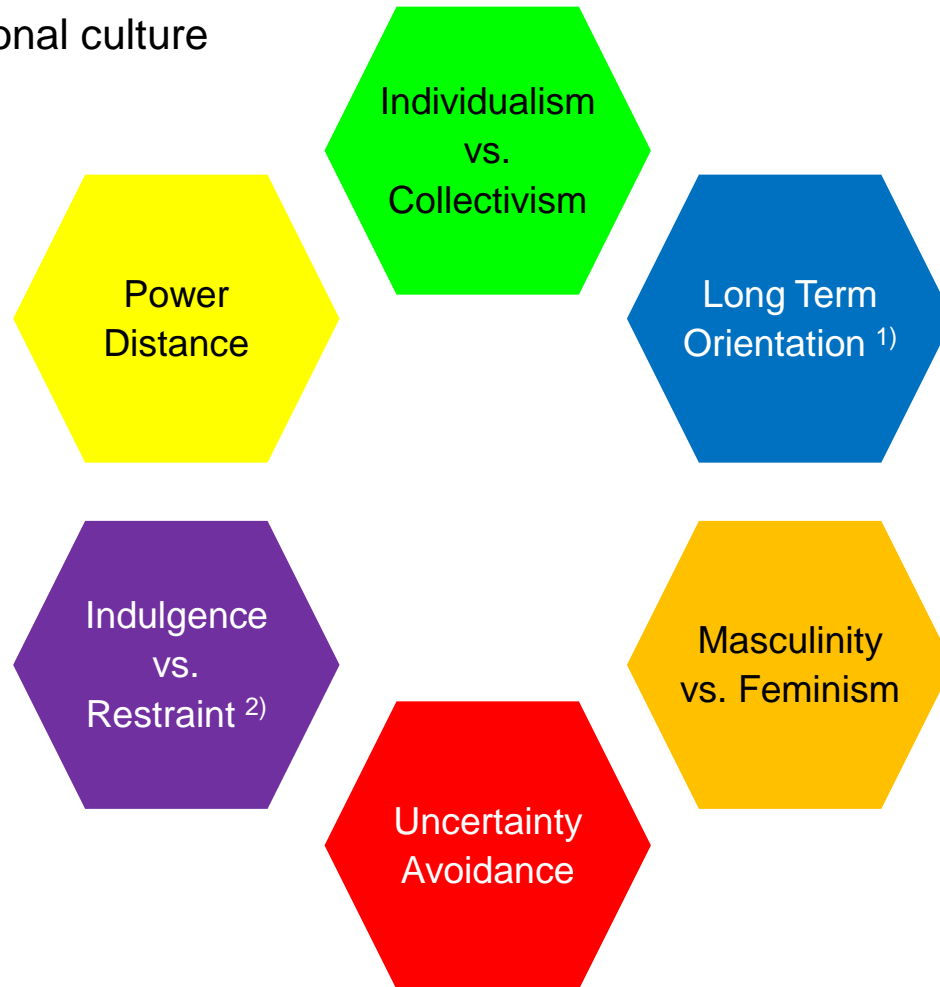
- Most important factor
- 2nd most important factor
- 3rd most important factor
- * Not ranked in the top 3

Source: TowersWatson Survey on Global Talent Management and Rewards. 2010

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Cultural Model of Geert Hofstede

Six dimensions of a national culture



1) Dimension added in 1991

2) Dimensions added in 2010

Source: <http://geert-hofstede.com/>

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Uncertainty Avoidance

Uncertainty avoiding cultures...

- Minimize possibility of uncertain situations
- Belief in absolute Truth: “There can only be one Truth and we have it”.



Uncertainty accepting cultures...

- Are more tolerant of opinions different from what they are used to
- Try to have as few rules as possible
- Relativists and allow many currents to flow side by side.



Some examples for Hofstede's dimensions of national culture

Dimension Country	Power Distance	Individualism	Masculinity	Uncertainty Avoidance
China	80	20	66	30
Germany	35	67	66	65
India	77	48	56	40
Japan	54	46	95	92
United States	40	91	62	46


 highest value in respective dimension
 lowest value in respective dimension

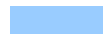
→ Understanding of what is accepted behavior in a specific national culture is the basis for any organizational culture and it's understanding is a precondition for being able to lead across cultures!

Accordingly challenges in leadership vary across countries

Six Common Challenges in Leadership

Challenge \ Country	Developing managerial effectiveness	Inspiring others	Developing employees	Leading a team	Guiding change	Managing internal stakeholders and politics
China	26	22	20	10	10	17
India	23	15	19	13	17	13
Singapore	15	23	18.8	18	15.2	20
UK	21	16	17	20	33	16
United States	26	15	15	12	23	24

 highest value in respective challenge

 lowest value in respective challenge

Source: White Paper “The Challenges Leaders Face Around the World”, Center for Creative Leadership 2014

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So, as a leader, when leading across cultures...

1. Act
2. Be optimistic
3. Communicate
4. Differentiate between national cultures
5. Establish trust



→“ABCDE” – This is what leading across cultures in general and our case study in special is all about!

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Siemens Organization

Setup as of October 1, 2014



¹ 1 Commonwealth of Independent States.

Corporate Development Center at a glance

We offer smart shoring covering the entire product life cycle

Strong near and off shore presence ...



India	80%
Europe	16%
China	3%
US	1%

... offering complete product development...

"Integrated product development"



... of highest performance standards...

ISO 9001 ISO 27001 NPS >90
OHSAS 13485 CMMI > level 3

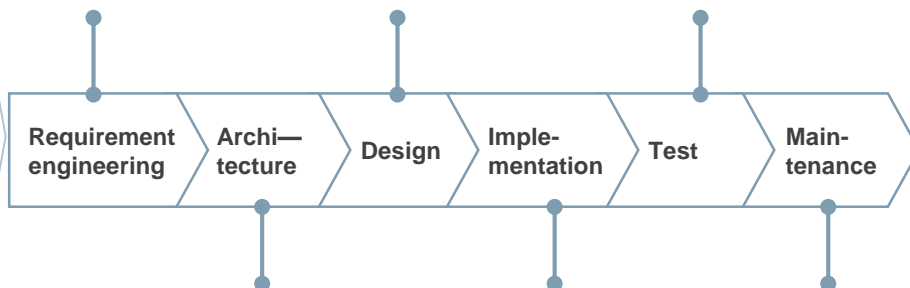
...for more than 30 Siemens Business Units across all divisions!

Focus on entire product life cycle

Creating requirement specification through strong domain know-how

Delivering complete design and development on critical projects

Undertaking system and certification test for SW and HW products



Defining and implementing SW architecture enhancements for key products

Partnering as integral part of the development teams

Taking full responsibility for products

→ #1 development partner within Siemens, accounting for over 20% of Siemens SW resources

The roots of the Corporate Development Center are from two competing companies

55 years of history

Foundation of Program and System Engineering (PSE) as division of Siemens Austria Ltd.

Foundation of Siemens Information Systems Ltd. (SISL) as a company of Siemens-Nixdorf.

Siemens Business Services, PSE and SISL form Siemens IT Solutions and Services GmbH (SIS). The product development teams of PSE and SISL form a unit called Software Practice (SWP).

Siemens decides to split SIS SWP into two units, one for the external business and one for the internal business.

Foundation of Corporate Development Center (CT DC).
Basis is the internal business of PSE and SISL. The two units continue to operate independently

Start of project “Strategy 2017”

Implementation of the actions derived from project CT DC Strategy 2017

1960... 1992... 2007 2008 2009 2011 2012...

Project “Strategy 2017” 2011 – Challenges in the beginning

From

- Competing teams
- Service-provider mindset
- Opportunistic portfolio
- Limited scope / responsibility
- Legacy footprint

To

- One team
 - Partner at eye level
 - Clear focused offerings
 - Complete ownership
 - Optimized footprint
- 1DC!
People and
Operational
Excellence



And in addition, on a more personal level, being accepted as the global head, against the perception of being “the Indian”!

→ Results from our project “Strategy 2017” were our mission, vision and different initiatives for change.

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- Case Study – Mission and Vision
- Results and Recommendations

Corporate Development Center

Our Mission

We make Siemens more competitive
by providing high-quality
development services
across the whole product lifecycle.

We deliver world class competences
at the best cost position.



Corporate Development Center

Our Vision

We are THE professional development partner for Siemens businesses across all Divisions

We demonstrate our professionalism by

- Quickly and efficiently ramping up and managing offshore and near-shore teams
- Assuming full responsibility for specific complete development topics
- Benchmarking ourselves continuously to ensure that we are best in class and we are open to proving this at any time
- Proactively optimizing our cost, setup and offering for the benefit of our customers
- Attracting the best people to Siemens and developing their careers



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Initiatives for Change

Focus topics for a specific year

Initiative

1DC!

- Drive collaboration across teams and countries
- Define new approach for global excellence awards

People
Excellence

- Empower local teams
- Stronger overall people development / management

Operational
Excellence

- Define and roll out a global standard for trainings
- Increase quality awareness

1DC!

Drive collaboration through global practices

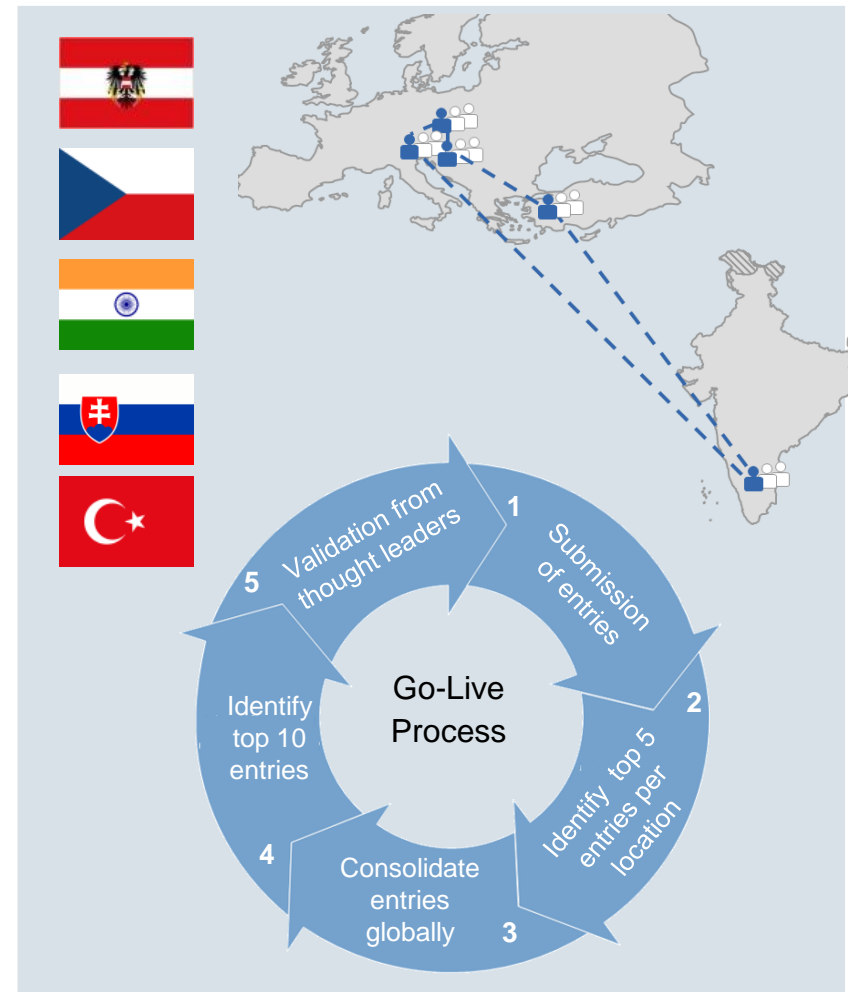
Local teams collaboratively drive the global practices initiative

Objectives of Global Practices

1. Foster cooperation and knowledge exchange between the countries
2. Harness the tacit knowledge by enabling collaboration across countries to further strengthen our competences
3. Create a global repository of useful know-how to improve the day-to-day operational activities of our teams

Example:

Definition of a Global Practice for a specific product with more than 300 team members across locations in five countries, but with one common goal



1DC!

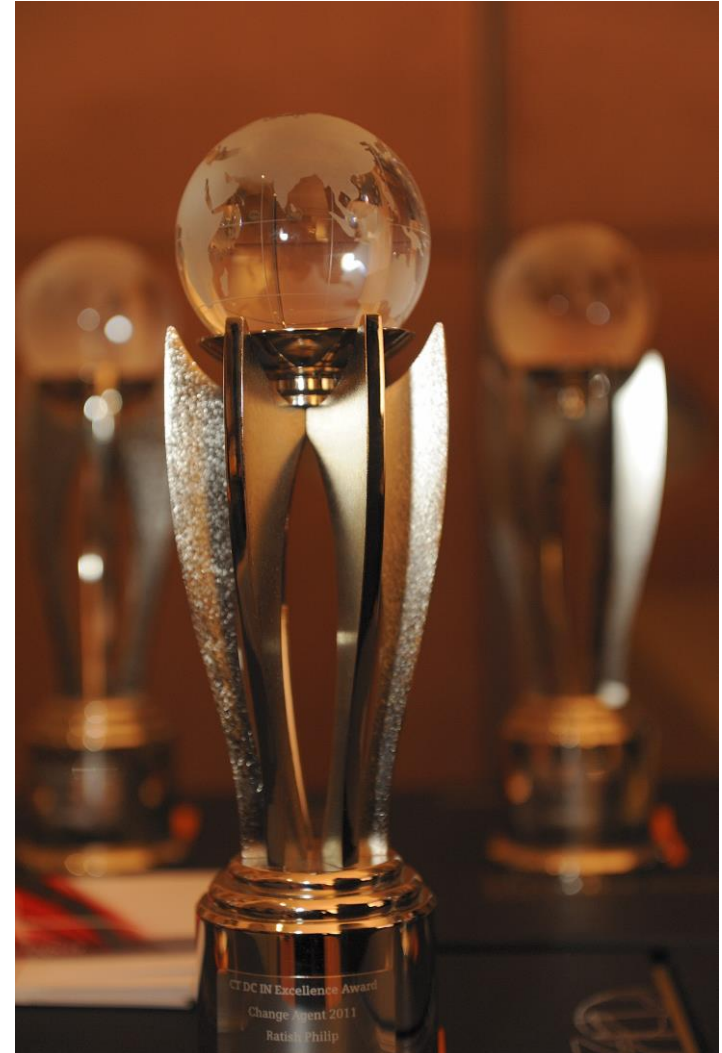
Global excellence awards program

Introduction of a global excellence awards program

Aspect	Characteristic
People	Performance
	Expertise
Project team	High quality
	Best cost position
Impact	Impact on Partner's performance

Approach:

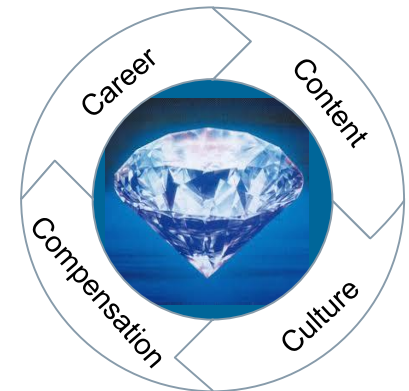
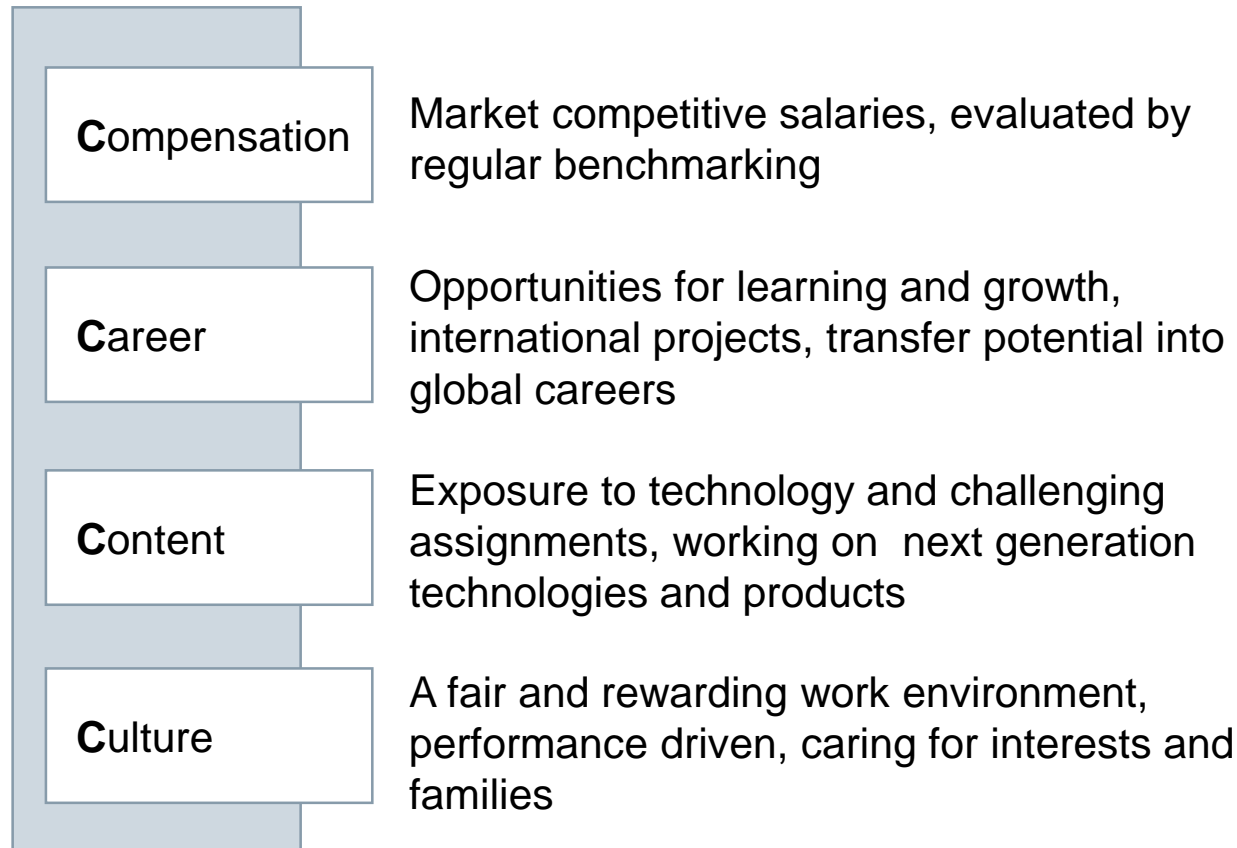
- Self nominations along clearly defined criteria
- Evaluation by a jury comprising senior managers from our unit and partners
- Top three entries per category are being invited with family to the Excellence Awards Night
- Announcement of the winners in a gala event in a five star hotel



People Excellence

Stronger overall people development / management

CT DC's unique 4C * – Our philosophy is that our people are our core asset



*) 4C are also used to characterize a diamond: Cut, Clarity, Carat, Color

People Excellence

Empower local teams

Local teams define and drive measures to address common areas for improvement

Country Area for Improvement	Austria	Czech Republic	India	Romania	Turkey
Local leadership	1	2	3	2	3
Collaboration	2	1	3	3	6
Retention	-	-	2	-	2

Note: The numbers represent the number of initiatives per improvement area in a specific country

Examples for Local Leadership:

1. India: To improve local leadership, a regular communication on the progress of the implementation of actions related to an employee satisfaction survey was implemented via publishing a quarterly newsletter.
2. Europe: To empower the local teams the value flow towards our partners was changed from a centralized approach to a decentralized.

Operational Excellence

Four dimensional training program

For a complete software engineer other skills are required as well

Know how

Technology (Software Engineering)

- FOCUS
- Advanced and Specialized
 - Design and Architecture
 - Requirements Engineering
 - Test
- ...

Know how

Project & Quality

- Project Management
- Process Quality

Know what

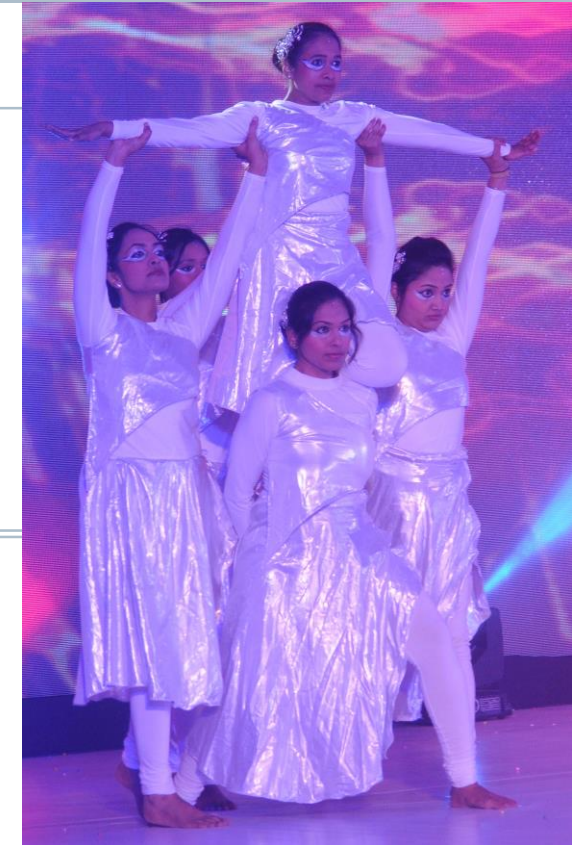
Domain Competence

- Basic
- Advanced
(defined jointly with business units)

Know why

Behavior

- Culture
- Leadership program
- Communication
- Presentation skills



Practice, practice,
practice...

➔ In our organization, ten days of training per year are mandatory for everyone

Operational Excellence

Increase quality awareness

Initiatives defined

- Stronger involvement and attention of the management team in quality related activities
- Intensified communication about quality related topics
 - Quality newsletter
 - Quality Web portal
 - Regular topic in town hall meetings
- Events with broad participation across the Corporate Development Center , e.g. QuEST
- Excellence Award for Quality
- ...



SIEMENS

QuEST 2015
Celebrating Quality Day at CT DC AA

Events List	
 Making of an awareness movie on the importance of product quality.	Q-MOVIE June 22 - July 31
 Online crossword puzzle to build knowledge on product quality.	Q-PUZZLE July 6 - 20
 Invite employees to share a 2 minute clip on what Product Quality means to them.	Q-CLIPS July 3 - 28

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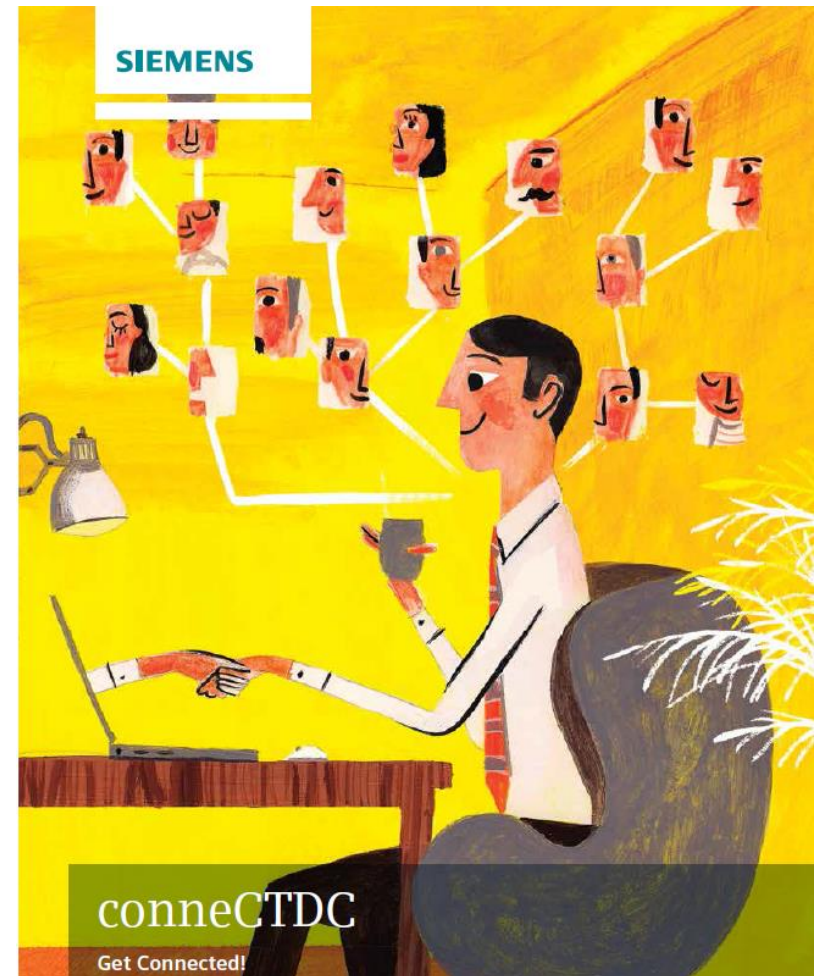
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Recommendations ABCDE – Communication

Do not underestimate the desire for information

There is never too much of communication

- Town hall meetings in every country
- conneCTDC as internal social network
- Internal magazine
- “Lunch with the boss” meetings
- Quarterly CEO newsletter
- Quarterly Management Team meeting in different countries
- Monthly colloquiums
- Best practices sharing workshops
- Leadership Forum
- ...



Recommendations ABCDE – Establish Trust

Empower your people

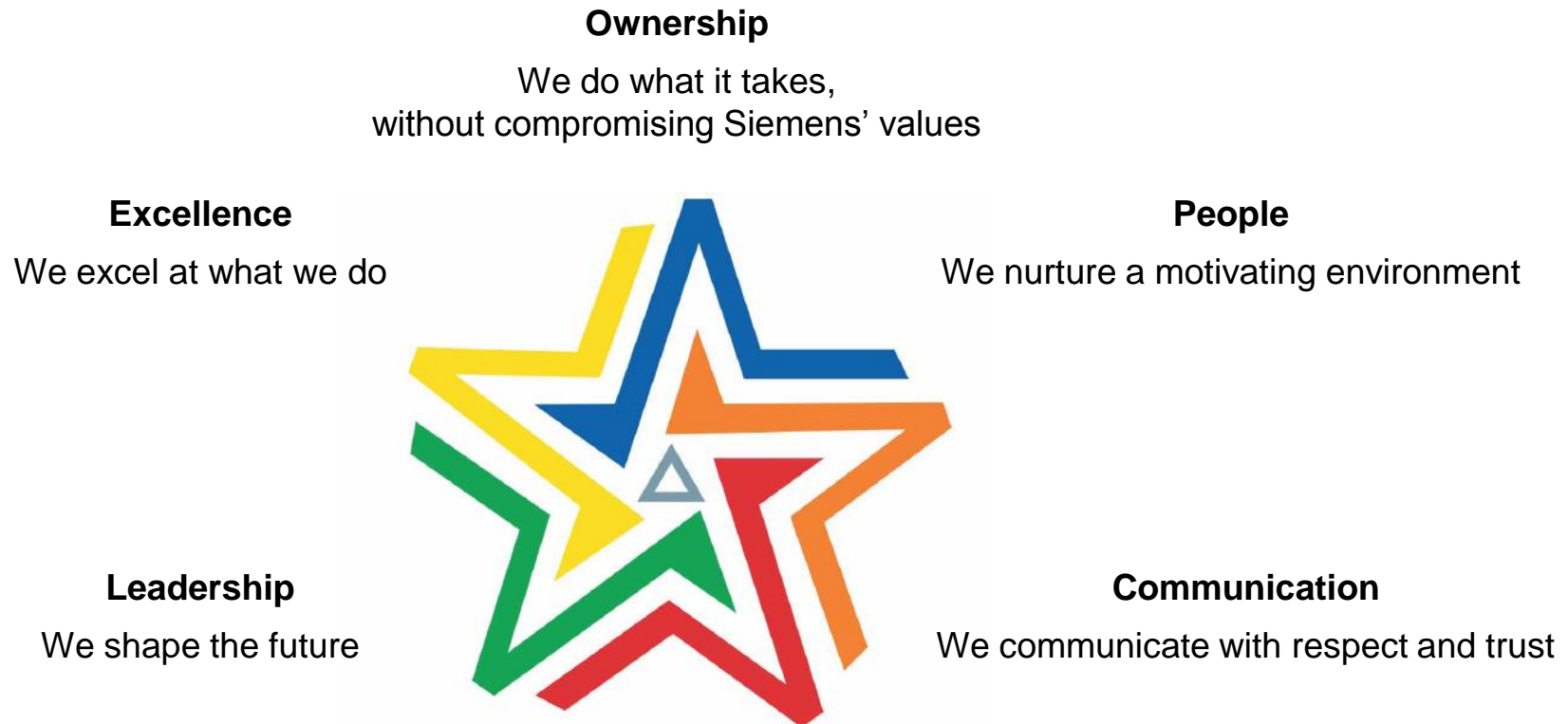


Our philosophy – Every individual is the CEO of her/his area of responsibility

- Key Performance Indicators (KPIs) for setting the targets are derived from focus topics
- Each KPI assigned to at least two individuals
- Each individual has between 3 and 5 KPIs
- Reporting of KPIs is on a monthly basis

Results – We defined and implemented a performance oriented culture across all countries

To further strengthen our culture we defined the CT DC cultural principles



Results – Our business performance is excellent, due to our people and operational excellence programs

- We manage a significant double digit growth year on year
- Our approach has been recognized within Siemens as well as by the international community
- We are best-in-class in
 - Net Promoter Score
 - Retention
 - Code quality management
 - Software engineering related trainings



Porter Prize 2014, Institute for Competitiveness
For Leveraging unique Activities, 2014

Results – Most importantly, we are 1DC!



So, when leading across cultures keep “ABCDE” in mind...

Act

Be optimistic

Communicate

Differentiate

Establish trust



And in case hurdles are in front of you...

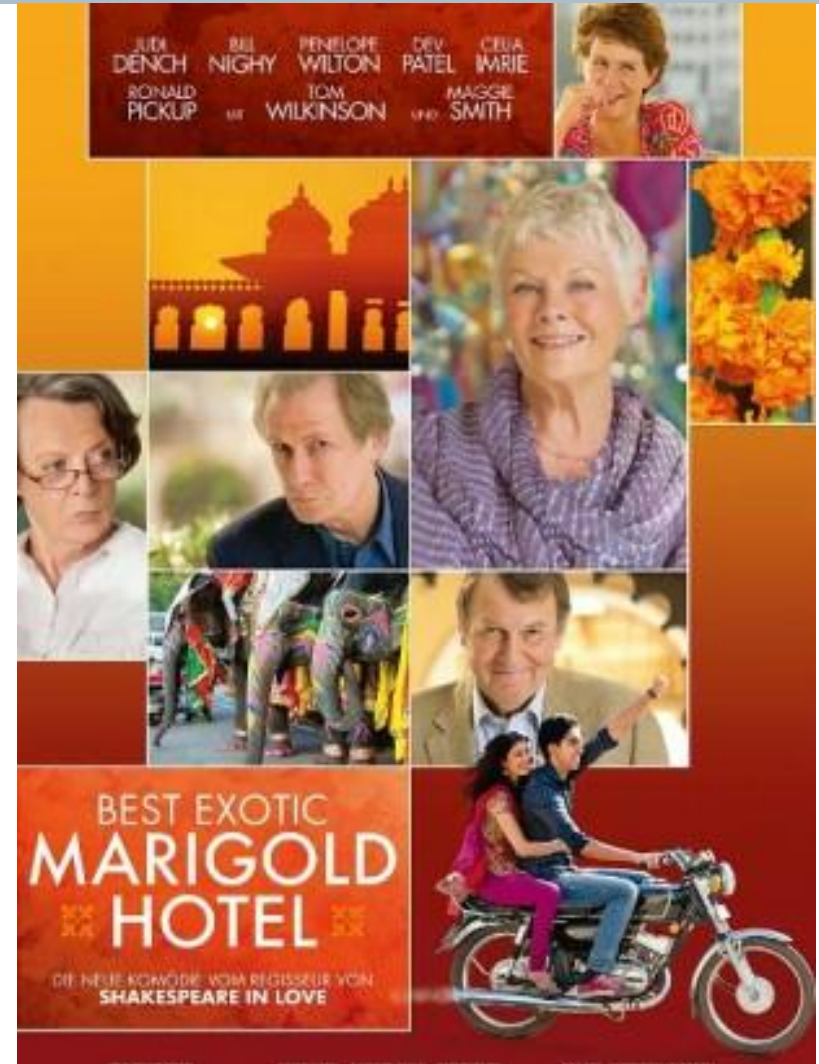
...remember to Be optimistic...

***“Everything will be alright
in the end.***

***So if it is not alright
it is not the end.”***

THE END

Any Questions?



Contact

Further information and information resources

Contact

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