

Outlook

The online journal of high-performance business



High performance. Delivered.

Global Operating Model

Interview | Gina Qiao

Senior Vice President, Global Human Resources

Lenovo Group

When HR goes global

Lenovo's ambitious strategy for expansion outside China encountered a number of challenges. One of the most critical, says this executive: the need to have an effective HR strategy for globalization.

In both 2012 and 2013, *Fortune China* named Lenovo's Gina Qiao one of the "25 Most Influential Businesswomen in China." Little wonder: The PC and personal technology giant's HR chief has led her team over a decade-long course of globalization while achieving in her own right an impressive record in the field of global human resources management. In the following interview with Claire Yang, Managing Director of Management Consulting in Communications, Media & Technology for Accenture Greater China, Qiao discusses the key role HR has played in enabling Lenovo's distinctively non-Chinese global operating model.

Claire Yang: Lenovo has achieved significant growth internationally in recent years. Why did the company decide to pursue a globalization strategy so aggressively?

GINA QIAO: Back in 2000, our PC business was an established leader in China, with 26 percent of the market and more than \$20 billion in revenues. However, our goal was to achieve faster and higher growth rates. At first we pursued a diversification strategy, moving into other high-tech products. After a time, however, we decided that we needed to keep our focus on PCs but reach out to the global market. We set a big goal: to become a global brand and, in doing so, to make our PC business a \$100 billion business. We couldn't have accomplished that if we'd limited ourselves to the home market.

From a strategic and operations perspective, what were some keys to Lenovo's success?

One of our strengths was our strategy for market expansion, which was to adopt different approaches for the different markets we entered, whether developed or emerging. In some areas we focused on profitability, and in other areas on market share. We knew that challenges would emerge, but we were confident in our success as long as we stayed focused on our primary

strategic intent. In addition, our work to expand into those different markets really highlighted how critical it is to have an effective HR strategy for globalization.

Tell us about some of your guiding principles for globalization from an HR perspective.

The most important principle is that a company needs to leverage local talent to be successful in local markets. This has not been a typical approach among many Chinese companies, who often fill manager-level positions with personnel sent from China and then hire local talent only for lower-level jobs. This is often done as a way to "maintain control."

However, at Lenovo, we take a different approach. We recruit locals for top managerial positions because we believe that managers dispatched from home may not adequately know the market they have been sent to manage. So we try to ensure that those who truly know the local market are motivated to join us. For example, in India, we recruit the best Indian talent as general managers; in America, we recruit the best American talent; and so forth.

What's the advantage of recruiting local talent for important Lenovo roles?

These people have grown up in the regions they're working in. They understand the nuances of the local market, and can be more effective at managing local employees. They are well positioned to understand customers and expand those relationships, and to network effectively with the local government.

Do you continue to fill some positions with talent from China?

Yes, for some areas, such as new-product development, we will fill the second- through fourth-tier managerial

positions with employees sent from China. But that is less about control and more about effective management and communications. By filling some positions with our people from China, we can be assured that these personnel have consistent training and that we have the means in place to communicate well with the business back home.

What about the makeup of your leadership team?

We have worked effectively to diversify our leadership. Our management team, for example, which has nine members including our CEO, represents countries across Asia Pacific, Europe and the Americas. We also work to improve our global mindset—for example, by attending the recent Global Leaders of Tomorrow conference in Barcelona, Spain, with attendees coming from the world's top 100 companies and representing a total of 17 countries.

I imagine you have encountered some challenges along the way when it comes to integrating different cultures as you have globalized.

We have worked very hard on cultural integration because we know it is essential to our growth and globalization strategy. It has not always been easy. The various parts of the organization can differ greatly in values, customs, habits and behaviors. The challenges we faced initially in trying to integrate different cultures are still fresh in my mind.

Take meetings, for example. In our Chinese culture, we call meetings to reach consensus about something. But if no consensus is possible that day, we will wait till the next meeting and continue. Americans, by contrast, expect to reach consensus directly from that meeting. And that means that they might have discussed matters among themselves prior to the meeting. Thus, when we had meetings with our American colleagues, there were

different perceptions between the two sides from the very start. We felt as if they had formed a clique beforehand and had already deliberated and reached a decision. They, however, thought that we spoke in a roundabout way and that follow-up meetings were an inefficient way of working.

How did you respond to this challenge?

Fortunately, we came to recognize those differences and, as a consequence, worked out detailed “rules” for meetings. Before each meeting we determined whether it was a brainstorming session or one at which a decision must be made.

What about language barriers as you work globally?

We had many such challenges. In 2005, when we had just concluded the acquisition of IBM's PC business, the representatives from the two companies met in the United States. At the meeting, those of us from China were having a difficult time understanding what others were saying, even though we were wearing headphones for simultaneous translation. As it turns out, the interpreters were not professionally trained. Because of our silence, listening to a confusing translation, our foreign colleagues got the mistaken impressions that we were not interested in speaking up or contributing thoughts and ideas.

Other differences would occasionally be apparent. For example, in the traditional Chinese culture, which emphasizes respect for others, one often hesitates to interrupt people when they are speaking. Many Americans, however, think differently. When one has spoken for a while, he or she will tend to expect questions from the participants before continuing. And the way you can sense that moment is that their voice will trail off a bit, signaling that it's okay to interrupt. However, many people are not fluent enough in English to discern that subtle change in an American speaker's voice.

What steps can companies take to overcome these differences and better integrate their cultures?

We have held numerous seminars with our global colleagues where both sides have shared views on cultural differences and each other's values, preferences and expectations. From those meetings, we came up with such catchphrases as "put what you want to say on the table" and "be true to your commitment." Thus, by promoting proper ways of doing things, we helped to establish mutual

trust. We are still in the process of working through these cultural differences so we can all collaborate in more productive ways.

Another concrete step we are taking is that all the non-English-speaking members of the management team are learning English. This helps us understand the needs and interests of more of our people and of course also helps us communicate more effectively with our managers. So going global is about much more than strategy; it is also about the people.

Outlook is published by Accenture.

The views and opinions in this article should not be viewed as professional advice with respect to your business.

The use herein of trademarks that may be owned by others is not an assertion of ownership of such trademarks by Accenture nor intended to imply an association between Accenture and the lawful owners of such trademarks.

For more information about Accenture, please visit www.accenture.com

Copyright © 2014 Accenture
All rights reserved.

Accenture, its logo and
High Performance Delivered
are trademarks of Accenture.