

# LEADING WITH CULTURAL INTELLIGENCE

*The Real Secret to Success*

SECOND EDITION

David Livermore

Foreword by Soon Ang, PhD  
and Linn Van Dyne, PhD

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For Linda . . . my ultimate soul mate,  
fellow sojourner, and love.



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## CHAPTER 1

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# CULTURE MATTERS: WHY YOU NEED CULTURAL INTELLIGENCE

Leadership today is a multicultural challenge. Few of us need to be convinced of that. We're competing in a global marketplace, managing a diverse workforce, and trying to keep up with rapidly shifting trends. But many approaches to this leadership challenge either seem way too simplistic (e.g., "Smile, avoid these three taboos, and you'll be fine") or way too extreme (e.g., "Don't go anywhere until you're a cross-cultural guru"). Cultural intelligence (CQ) offers a better way. The four capabilities presented in this book can help you navigate any intercultural situation.

What are the biggest hindrances to reaching your goals personally and professionally? How do you effectively lead a culturally diverse team? What kinds of cultural situations bring you the greatest level of fatigue? How do you give instructions for an assignment to a Norwegian team member versus one from China? What kind of training should you design for an implementation team coming from multiple cultural backgrounds? How do you get feedback from a colleague who comes from a culture that values saving face above direct, straightforward feedback? And how can you possibly keep up with all the different cultural scenarios that surface in our rapidly globalizing world? These are the kinds of questions that will be answered by developing your cultural intelligence.

All my life I've been fascinated by cultures. From as far back as when I was a Canadian American kid growing up in New York, I was intrigued by the differences my family would encounter on our trips across the border to visit our relatives in Canada. The

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multicolored money, the different ways of saying things, and the varied cuisine we found after passing through customs drew me in. I've learned far more about leadership, global issues, and my faith from cross-cultural experiences and work than from any graduate course I've ever taken or taught. I've made people laugh when I've stumbled through a different language or inadvertently eaten something the "wrong" way. I've winced upon later discovering I offended a group of ethnically different colleagues because I spent *too* much time complimenting them. I'm a better leader, teacher, father, friend, and citizen because of the intercultural friendships I've forged through my work. And through the fascinating domain of cultural intelligence, I've discovered an enriched way to understand and prepare for my work across borders.

Cultural intelligence is *the capability to function effectively across national, ethnic, and organizational cultures*.<sup>1</sup> It can be learned by most anyone. Cultural intelligence offers leaders an overall repertoire and perspective that can be applied to myriad cultural situations. It's an approach that includes four different capabilities, enabling us to meet the fast-paced demands of leadership in the global age. This book describes how to gain the competitive edge and finesse that comes from using these four capabilities to lead with cultural intelligence. Think about a cross-cultural project or situation facing you. Take a minute and walk through the four capabilities of CQ right now:

1. CQ Drive: What's your motivation for engaging with the cultural dimensions of this project?
2. CQ Knowledge: What cultural differences will most influence this project?
3. CQ Strategy: How will you plan in light of the cultural differences?



4. CQ Action: How do you need to adapt your behavior to function effectively on this project?

If you don't have a clue how to answer some of these questions, I'll get to all that. But before more fully describing cultural intelligence and how to develop it, we need to spend a few minutes understanding its relevance to leadership.

## From West Michigan to West Africa

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It's the day before I fly to Monrovia, the capital of Liberia. Liberia, a small country on the coast of West Africa, isn't a place I ever planned to visit. But given that the university where I was working had formed a partnership there, it became a regular destination for me. I've spent far more time working in Europe, Asia, and Latin America, much more familiar destinations to me than West Africa, which still feels very foreign. Yet the flattened world of globalization makes even the most foreign places seem oddly familiar in some strange way. Wireless access in the hotel where I stay, Diet Coke, and the use of U.S. dollars remove some of the faraway feeling of a place like Monrovia. Even so, I still have to make a lot of adaptations to do my job in a place like Liberia.

It's amazing how life and work in our rapidly globalizing world brings us an unprecedented number of encounters with people, places, and issues from around the world. I guess the world is flat—isn't it? Journalist Thomas Friedman popularized the term *flat world* to suggest that the competitive playing fields between industrialized and emerging markets are leveling.<sup>2</sup>

The day before I leave for West Africa is spent tying up loose ends prior to my weeklong absence. I respond to emails from colleagues in Dubai, Shanghai, Frankfurt, and Johannesburg and I talk on the phone with clients in Kuala Lumpur and Hong Kong. My wife and I grab a quick lunch at our favorite Indian restaurant,

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and we talk with the Sudanese refugee who bags the groceries we pick up on the way home. Before my kids return from their Cinco de Mayo celebration at school, I call my credit card company and I reach a customer service representative in Delhi. Even in the small city of Grand Rapids, Michigan, where I live, intercultural encounters abound.

One would think travel across the flattened world would be easier than it is. Getting from Grand Rapids to Monrovia takes some very deliberate planning and it wreaks havoc on the body. The travel and work have to be planned around the three days a week when Brussels Air, the only Western airline that flies into Monrovia, goes there. But still, the fact that I can have breakfast with my family one morning and go for a run along the Atlantic Coast in West Africa less than twenty-four hours later is pretty amazing. So maybe the world is becoming flat.

On the flight from Brussels to Monrovia, I sit next to Tim, a twenty-two-year-old Liberian guy currently living in Atlanta. We chat briefly. He describes his enthusiasm about going “home” to Liberia for his first visit since his parents helped plan his escape to the States during the civil war ten years ago.

As we land, I see the U.N. planes parked across the tarmac. Eight hours earlier I was walking the streets of Brussels and grabbing an early morning waffle. And now I am making my way toward passport control in Monrovia. Maybe travel across multiple time zones isn’t so bad after all.

Eventually I end up at baggage claim next to Tim, my new acquaintance. A porter who looks so old he could pass for a hundred is there to help Tim with his luggage. The porter asks Tim, “How long are you staying here, man?” Tim responds, “Only two weeks. I wish it was longer.” The porter bursts out with a piercing laugh. “Why, my man? You’re from America!” Tim responds, “I know, but life is hard there. I wish I could stay here longer. Life is better here.” The porter laughs even harder, slaps Tim on the back, and says,

“You’re talking crazy, man. Look at you. You have an American passport! You don’t know what a hard life is. I’ve been working the last thirty-seven hours straight and they haven’t paid me for six weeks. But I can’t give up this job. Most people don’t have jobs. But look at you. You’ve been eating well. You look so fat and healthy. And you live in the USA!” Tim just shakes his head and says, “You don’t know. You have no idea, no idea. It’s hard. Never mind. Just get my bag.” I see the fatigue penetrating Tim’s broad shoulders.

I can understand why the porter found it absolutely laughable that a twenty-two-year-old bloke who can afford a two-week vacation across the ocean could consider life “hard,” yet I imagine there are some significant hardships for Tim as a young Liberian guy living in Atlanta. The statistics are stacked against him. How many people lock their car doors when he walks by? What extra hoops did he have to go through to get hired at the fitness center where he works? And Tim told me the enormous expectations put upon him by his family and friends who stayed in Liberia. After all, they didn’t get to escape the war, so the least he can do is send regular amounts of money to support them. Observing these kinds of interactions as we travel provides insights into how to negotiate and fulfill our strategic outcomes.

As I walk out of the Monrovia airport, a brightly smiling woman adorned in glowing orange from head to toe sells me a SIM card for my phone for USD \$5. I hand her 5 U.S. dollars. I send a text message to my family to let them know I arrived safely. While walking, texting, and looking for my driver, I nearly trip over a woman relieving herself, I see kids selling drinking water, and I pass men my age who by Liberian standards are statistically in their final years. Using my smartphone to send a text message home makes the foreign seem familiar. But watching my kids’ peers sell water makes the same place seem foreign.

After a decent night of sleep, I go for a morning run along the muddy streets by my hotel. I keep passing children carrying buck-

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ets of water on their heads from the nearby well. Breakfast at the hotel where I stay occurs at a large dining room table where guests are served two runny eggs, a hot dog, one piece of plain white bread, and a cup of instant coffee. On this particular morning, the breakfast table includes U.N. consultants from India and Sweden, an economist from the United States, some North American business professionals, and a British physician.

I begin talking with the U.S. businesswoman seated next to me. She works for a U.S. company that sells baby food. She tells me this is her fifth trip to Monrovia in the last two years. After her first trip, she convinced her company there was a growing market for baby food in Liberia, particularly among the many Liberians who were coming back after living abroad during the fifteen-year war. While overseas, these Liberians had seen the nutritional benefits and convenience of baby food and they were sure they could convince their fellow Liberians to buy it as well. The company shipped several containers of baby food. They selected the kinds of food to send based upon market research of the Liberian diet; but the company used the same packaging used in the United States: a label with a picture of a baby on it. The company launched its product with many promotions including free samples for parents to try with their kids, but very few people picked up the samples, and even fewer purchased the baby food, despite it being introduced at a very low price. Sales of the baby food flopped until the company suddenly realized that African grocery distributors usually place pictures of the *contents* on their labels. Therefore, marketing a jar with a baby on the front didn't sell. Oops!

Hearing the businesswoman's story, the white-haired British doctor sitting across from us chimes in with a story of his own. He tells us how he shipped several crates of medicine from London six months ago but it still hasn't arrived in Liberia. He had called and emailed the Monrovia shipyard from London every couple of days for the last few months and was continually told the ship-

ment hadn't arrived yet. Once he reached Monrovia, he went to the dock almost daily to inquire whether his shipment had arrived. Each time he was told, "Come back tomorrow. It will definitely be on the next ship." But it never was. He is beginning to think he'll never see the medical supplies, and the value of his brief sojourn in Liberia is becoming seriously undermined by not having them. He muses that it now seems a waste of time for him to have come.

I go on to share a couple of my own cultural mishaps and we talk about how easy it is to laugh at these things in retrospect, but at the time, the frustration and financial cost involved is anything but a laughing matter. Our breakfast conversation is a reminder of the many challenges that come with leading cross-culturally. And in a few minutes, I am about to discover that reality again myself.

One of the key objectives for my trip to Liberia is to decide whether we should include a Liberian school, Madison College (pseudonym), in the multi-tiered partnership we were developing throughout the country. Our primary organizational contact in Liberia is Moses, a catalytic Liberian who is leading an effort to rebuild the Liberian educational system after the war. Moses is the eldest of his father's eighty-five children and the son of his father's first wife. That makes him the highest-ranking member of his family now that his father is dead. Moses is short and stocky, and he carries himself like a tribal chief. He consistently cautioned our team against working with Madison College. He was concerned about the integrity and ethics of the president of Madison, Dr. Jones. This morning, Moses and I are visiting another key leader in Monrovia, Dr. Harris. Dr. Harris has done a lot of work with Dr. Jones and Madison College. Dr. Harris is a tall, stately looking man who remains behind his desk while we talk, sitting rigid and straight in a navy blue suit.

Drawing upon my value for direct communication, soon after we get through the perfunctory introductions, Dr. Harris men-

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tions that he sometimes teaches at Madison. I take that as my cue. Notice our dialogue:

**Dave:** How do you like teaching at Madison, Dr. Harris? Is it a good school?

**Dr. Harris:** Oh, it's a great joy for me to teach there. The students are so eager to learn. . . .

**Dave:** And how about Dr. Jones? What's he like as a leader?

Notice that while being direct, I am trying to ask open-ended questions, an approach that usually works well for me at home.

**Dr. Harris:** Madison is a very good school. Dr. Jones has been there for a long time, since before the war.

I can see my open-ended questions aren't getting me very far. My time with Dr. Harris is limited. I need his honest assessment of Dr. Jones, so I decide to go for it:

**Dave:** I'm sorry if what I'm about to ask is a bit uncomfortable, Dr. Harris. But I've heard some concerns about Dr. Jones and his leadership. I'm not looking for unnecessary details. But we're considering a partnership with Dr. Jones and Madison College. This partnership would result in a high level of investment from our university. Might you be able to offer me any perspective on these criticisms I keep hearing?

**Dr. Harris:** It would be very good for the students if you partner with Madison College. Our schools have nothing here. The war destroyed everything. It would be very, very good. Please come.

I'm not entirely clueless. I can see what is going on, but I don't have time for what feels like game playing to me. I come at it again.

**Dave:** Yes, that's why I'm here. But I wonder what you can tell me about Dr. Jones specifically. Would you feel good about endorsing him to us as a significant partner?

**Dr. Harris:** It's really quite amazing the school survived the war. I mean, of course they had to shut down for a while. The rebel soldiers overtook all of Monrovia. But they were one of the first places to reopen. They have very good people there.

**Dave:** And you feel good about the way Dr. Jones is leading there?

**Dr. Harris:** Dr. Jones has done many good things. We've been friends for many years. Actually, we were classmates together in primary school. It would be very good for you to help Madison. I can introduce him to you if you like.

As we walk away from the meeting, I turn quickly to Moses to assure him: "Moses, I don't want you to think I don't trust the validity of your concerns about Dr. Jones. It was just important for me to try to get his input. But that doesn't mean I'm discounting your reservations."

Fortunately, Moses has learned to talk to a bottom-line North American like me in a way that I get it. He replies:

Don't you get it, Dave?! Don't you see?! Of course he wasn't going to tell you his concerns about Dr. Jones. You should never have asked him that, especially not with me there. He would never speak disparagingly about him in front of another Liberian brother to a complete stranger from the States. They grew up together! What did you expect him to say?

I shoot back:

The truth! That's what. He doesn't need to give me gory details. But if he is aware of these improprieties Dr. Jones keeps being accused of, I expect him to at least encourage me to explore my

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concerns further. If someone asked me about a childhood friend I knew was embezzling money, I'd tell the truth!

Moses explains that Dr. Harris might have delved into this with me a bit if we had been alone. He says, "But it would be shameful to him and me both if Dr. Harris had criticized his childhood friend in front of me to you! And he's teaching there. Talking about this would bring shame to him. You never should have asked him that—not with me there! Never!"

I wasn't totally blind to the cultural and interpersonal dynamics involved here. But I was at an impasse in getting some key information I needed to move forward. Usually I can make my way through these kinds of conflicts when interacting with individuals from cultural contexts similar to mine. But the interpersonal skills and persuasive strategies I use intuitively at home weren't working for me here. This is where cultural intelligence comes in. It helps us effectively adapt our leadership strategies when working with individuals from different cultural backgrounds while still accomplishing what we need to get done. Later, I'll come back to this story to show you how cultural intelligence eventually helped me resolve this dilemma.

## **Culture and Leadership**

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Perhaps the world is not so flat after all, especially when you consider that Liberia is closer to the norm for many places in the world than the exception. Like Liberia, most of the world is collectivist, hierarchical, and values saving face above being direct—all ideas we'll address more fully in Chapter 5. More of us move in and out of these stark cultural contrasts almost as frequently as we move from one web page to another. The ease with which we encounter so many cultural differences in a twenty-four-hour period can lead us to underestimate the chasm of difference between one



## CULTURE MATTERS FOR LEADERS

*Ninety percent of leading executives from sixty-eight countries identified cross-cultural leadership as the top management challenge for the next century.*<sup>3</sup> Most contemporary leaders encounter dozens of different cultures daily. It's impossible to master all the norms and values of each culture, but effective leadership does require some adaptation in approach and strategy. The most pressing issues executives identify for why cultural intelligence is needed are:

- Diverse markets
- Multicultural workforce
- Attract and retain top talent
- Profitability and cost savings

culture and the next—whether it's Grand Rapids and Monrovia, France and Germany, or Starbucks and Shell. Friedman's idea of a flattening world is very appropriate when applied to the growing competition and opportunities in emerging economies. But we ought to resist applying the notion of a “flat world” to suggesting we can do “business as usual” wherever we go.

In fact, 90 percent of leading executives from sixty-eight countries identified cross-cultural leadership as the top management challenge for the next century.<sup>4</sup> It used to be that worldwide travel and cross-cultural interactions were largely reserved for state leaders and high-level executives from massive multinational corporations such as IBM and Mitsubishi. Today, most every leader engages in myriad multicultural interactions. For some, that means traveling through passport control to the fascinating worlds of new foods and languages. For others, culturally diverse encounters are as close as their email in-box, the person on the other side of the cubicle, or the 6 a.m. conference call with a globally dispersed team.

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An intuitive sense of leadership and expertise in one's field continue to be valuable leadership assets, but they're no longer adequate to truly leverage the global potential that exists. Hospital administrators are overseeing health care professionals who are treating patients from numerous cultural backgrounds. Military officers are giving orders to eighteen-year-olds that if not carried out well will show up as international incidents on BBC and CNN. And business executives are facing growing pressure to recruit and lead talent who can effectively sell and produce services and products that appeal to customers in emerging markets.

Executives report that leading *without* cultural intelligence results in increased time to get the job done, heightened travel time and costs, growing frustration and confusion, poor job performance, decreased revenues, poor working relationships at home and abroad, and lost opportunities.<sup>5</sup> But leading *with* cultural intelligence opens up a number of promising opportunities, including the following:

### **Diverse Markets**

The days of identifying a single target customer are long gone for most organizations. Most organizations and leaders are serving customers whose tastes, behaviors, and assumptions are not only different but often in conflict with one another. Putting a picture of pureed carrots on the front of baby food might reduce sales in a U.S. market, but doing so in Liberia suddenly made the same product more marketable. Describing yourself as a "tried-and-true Midwest company" or a "three-generation, Chinese-owned business" might gain trust with one customer and scare off the next one.

The proportion of revenue coming from overseas markets is expected to jump by an average of 30 to 50 percent over the next three to five years.<sup>6</sup> Coca-Cola sells more of its product in Japan than it sells in the United States. By 2003, 56 percent of U.S.

franchise operators were in markets outside the United States, and for companies like Dunkin' Donuts and KFC, their international presence is far more lucrative.<sup>7</sup> The demand from emerging markets is seen as the most critical factor facing global businesses. The spending power of China and India is increasing at an enormous rate. The *Economist's CEO Briefing* reported, "The number of households earning more than USD \$5,000 annually will more than double over the next five years in China, and will triple in India."<sup>8</sup> More than 1 billion people are expected to join the emerging middle class over the next ten years.

In 2012, the Economist Intelligence Unit surveyed CEOs from hundreds of multinational corporations around the world. It found that for the first time during an economic recession the majority of CEOs surveyed were planning to expand internationally, rather than retreat, because they believed their greatest opportunities for growth were outside their domestic borders.<sup>9</sup> Seventy percent of Facebook's users are outside North America and its executives expect that percentage to continue to grow. In the last decade, 20 percent of GE's growth came from emerging markets, and it expects that growth to reach 60 percent in the next decade. Amway, headquartered in the small city where I live, derives 90 percent of its revenues from international markets. So even though thousands of Amway's workforce never leave Michigan on the company's tab, they're interacting with colleagues, customers, and issues across the world on a daily basis. The number of Chinese companies expanding globally has reached unprecedented levels and all indicators are that growth will continue. Lenovo, the Chinese personal computer giant, is acquiring companies all over the globe—from Brazil's CCE to Germany's Medion, and a joint venture with Japan's NEC. South African companies have a long history of worldwide mining enterprises, but the last decade has seen a surge in other South African industries expanding across

borders, including telecoms, retailers, and breweries such as MTN, Woolworths, and SABMiller, respectively.

Leaders from China, South Africa, Germany, the United States, Japan, and dozens of other countries recognize that some of their greatest opportunities lie in new cultural markets. There's really no such thing as a uniform global culture to which we market. Today's organization and its leaders must be both local and global, or "glocal," in understanding and serving customers.

### **Multicultural Workforce**

The task of managing a diversified and dispersed workforce at home and internationally is another major demand facing today's global leaders. Fostering good communication and building trust have always been two seminal issues in leadership, but learning how to do so among a culturally diverse team is a whole new challenge. Human resources policies, motivational strategies, and performance reviews need to be adapted for various cultural groups represented among your team. In addition, tapping into a global workforce often means outsourcing service to India and manufacturing to China, or it just as well might mean an Indian company outsourcing to the Philippines. Knowing how to measure the costs, benefits, and appropriate expectations involved with these kinds of opportunities is fraught with complexity.

The Global Leadership and Organizational Behavior Effectiveness (GLOBE) study is the most comprehensive global leadership study done to date. The GLOBE researchers examined leaders and followers across sixty-two countries to determine the leadership differences and universals across these diverse cultures. They found that "clarity" is a universal characteristic that followers everywhere want from their leaders. And "unethical behavior" is something followers do *not* want from their leaders, regardless of the follower's culture. But how one defines "clarity" and "unethical behavior" varies widely from one place to the next. Some leaders

believe it's more unethical to embezzle funds and other leaders believe it's more unethical to disparage a friend to a foreigner. The longest list of findings from the GLOBE study was the stark *differences* in what followers from one culture want from their leaders versus what followers from another culture want. For example, a participative leadership style in which managers involve others in decision making was viewed as an essential way of working among the German leaders and organizations surveyed. However, this same style was viewed as a weakness among the firms and leaders surveyed in Saudi Arabia. The Saudis believed authoritative leadership demonstrated clarity and strength.<sup>10</sup>

Many of these cultural preferences for leadership style are related to the values embraced by a culture as a whole. We'll look at these more fully throughout the book. But the challenge of leading in today's multicultural world is that you often have team members from diverse places such as Germany and Saudi Arabia on the same team. These differences leave many teams stalled in gridlock. However, when managed with cultural intelligence, a multicultural team offers organizations several benefits. It offers built-in expertise for diverse markets, it provides an around-the-clock workforce, and when managed well, it offers some of the greatest potential for innovation. In fact, few things have more potential for promoting innovative ideas than diverse perspectives. But it's not automatic. One study examined the influence of diversity on the extent to which team members would speak up. When CQ levels were low, homogeneous teams outperformed diverse teams in how much they would speak up and develop innovative ideas. However, when CQ levels were high, diverse teams significantly outperformed homogeneous teams in generating innovative ideas. The high-performing, diverse teams had developed a coherent strategy for aligning expectations, minimizing conflict, and maximizing the diverse perspectives, which resulted in better solutions.<sup>11</sup>

## ***Leading with Cultural Intelligence***

You might not be able to meet the preferences and demands of every personality and cultural difference represented on your team. But cultural intelligence will help you make better use of the differences on your team to build trust, reach targets, and accomplish results. We'll look at how to do this, including developing some shared standards that transcend differences, while also seeing how cultural intelligence allows you to adjust and adapt your leadership style depending on the colleague or team member.

### **Attract and Retain Top Talent**

Cultural intelligence is also needed by global leaders to address the challenge of recruiting, developing, and retaining top talent. Up-and-coming leaders in emerging economies have many options at their disposal, and they're seeking firms and executives who demonstrate culturally intelligent practice. Katherine Tsang, CEO of Standard Chartered Bank China, responded to this challenge by creating what she called a superhighway for attracting and retaining young, globally minded leaders. Her mantra to her team is "Go Places!" It's a double entendre for working with a global network of affiliates and growing a personal portfolio in global leadership. Tsang identifies the race for good talent as one of the most pressing reasons her company must become more culturally astute.<sup>12</sup>

Cultural intelligence is particularly important for those individuals sent on international assignments. Of all managers given overseas assignments as expatriates, 16 to 40 percent end them early. Cultural issues are the cause of 99 percent of these early terminations, not lack of job skills. The cost of each failed expatriate assignment has been estimated anywhere from USD \$250,000 to more than USD \$1.25 million when expenses associated with moving, downtime, and myriad other direct and indirect costs are included.<sup>13</sup>

Cultural intelligence is also becoming a growing necessity for employees who never take an extended overseas assignment. More

and more employees are expected to take short trips overseas to work with colleagues and customers or to work with international clients from home. Organizations practicing cultural intelligence are more likely to recruit and retain the talent needed to meet these demands.<sup>14</sup>

### Profitability and Cost Savings

Bruce Brown, chief technology officer at Procter & Gamble, talks about the costly lesson the company learned in the 1990s when it was trying to push global products that could be sold everywhere, while others were paying more attention to what local consumers wanted in various markets. Unicharm, a local Japanese competitor of P&G's, was introducing novel products that were doing much better than P&G's global ones. Brown says, "It was a harsh lesson around the importance of delighting consumers. The consumer is the boss, not the global program or the manufacturing equipment. I learned that you can be common around the world but you also need to be unique enough to delight local consumers."<sup>15</sup>

In contrast, A. G. Laffey, CEO of P&G, insists on getting to know the tastes and interests of local consumers. In fact, Laffey says he will only travel somewhere in the P&G world if two things are arranged for him: an in-home visit with a consumer and a store-check. His recent visit to Istanbul involved sitting with a Turkish woman in her house and watching her wash dishes and clothes. He talked to her for ninety minutes and then walked the aisles of a local store. He wanted to see how P&G products were shelved as well as competitive products. The in-home visit is the most important part to him. His insistence on seeing local markets up close stems from his desire to improve his understanding of consumer needs and to send a message to all his executives: If the CEO of an \$80 billion company has time to spend a couple hours in a home in Istanbul, maybe you do too.<sup>16</sup>

## Leading with Cultural Intelligence

Culturally intelligent leadership increases profits, reduces costs, and improves efficiencies when marketing and selling products in new markets. An expat with cultural intelligence will get up to speed on the new assignment much more quickly, which in turn makes better use of the costly expense of sending talent overseas. The tie to profitability shows up in other ways as well. For example, rarely a week goes by without a report in the news about how some company or public figure has blown it by making a culturally insensitive comment that shines a poor light on the reputation of the organization and its products and services. But leaders who handle these kinds of issues appropriately build trust and build the value of their organizations.

Competitive advantage, increased profits, and global expansion are central to why many of us are interested in cultural intelligence; however, most of us would readily agree we're also interested in behaving in a more respectful, humanizing manner with the people we meet throughout our work. Cultural intelligence can help us become more benevolent in how we view those who see the world differently from us. The *desire* and *intent* to treat other people with honor and respect don't automatically mean our *behavior* comes across as dignifying and kind. Most people and cultures agree that some measure of civility is appropriate, but definitions of civility are culturally bound. Various adaptations are necessary in order to ensure that others feel we are treating them with respect, honor, and dignity. This kind of adaptability requires cultural intelligence. An ability to effectively relate and work across cultures is an essential part of survival. And with cultural intelligence, global leaders not only survive but also thrive in the twenty-first-century world.

## Global Leadership Myths

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Culture matters. It's more than just a "nice-to-have." It's a key factor in what makes or breaks today's global leader. As a result, organiza-



tions in every sector are clamoring to find effective global leaders. Those who can lead with cultural intelligence are in demand. Yet much of what gets talked about in the global leadership space is informed by myths and anecdotes rather than empirical evidence. Even many top-rated MBA programs assure prospective students and employers that their curriculum will develop global leadership, yet there's little done to measure and develop global capabilities in their students. And most organizations rely most on technical expertise when looking at whom to put in charge of a new, global project. I regularly encounter the following myths when reading, listening, and talking with others about global leadership:

### **Myth #1: Leadership Is a Sixth Sense**

Conventional wisdom among many business executives is that leadership is a sixth sense: You either get it or you don't. You have to lead from the gut. And frankly, there's some research that backs up the surprising strength of seasoned executives using their gut more than data or detailed analysis to make good decisions. That's because the "gut" has been subconsciously programmed through years of experience. The problem is, the subconscious programming is specific to a culture and may not be a reliable source when making split judgments and decisions in an unfamiliar culture. This explains why some individuals have been incredibly successful leading in one context only to fail miserably when attempting to lead in another. The "sixth sense" of leadership has to be retrained and developed when the cultural context changes.

### **Myth #2: The World Is Flat**

I've already acknowledged my appreciation for Friedman's compelling argument that the economic playing field has been leveled globally.<sup>17</sup> A Filipino start-up firm can go head-to-head with a behemoth multinational company, and leaders in all contexts are wise to wake up to this reality. But I often hear people applying

Friedman's idea more broadly than it was intended. I'm regularly asked, "Isn't there a global professional culture emerging where people are more alike today than different?"

When you observe people in airport lounges in Dubai, Sydney, and London, it certainly seems like we're all more alike than different. And if you predominantly experience different cultures by visiting hotels and offices that are built for guests like you, it's easy to miss the differences that exist. But when you get beneath the surface, you find we're remarkably different. Leaders have their head in the sand if they think they can lead people the same way everywhere. Culture doesn't explain everything. But it is one of the driving factors in how to effectively negotiate, build trust, foster innovation, and motivate people toward a shared objective.

### **Myth #3: If No One Follows, You Aren't Leading**

Surely a "leader" with no followers might not be leading. *Or* he or she might be attempting to lead in the wrong context. Leadership is not only about the values and style of the leader. As evidenced by the findings in the GLOBE study referenced earlier, not all followers want the same thing from their leaders. The cultural values and preferences of the followers strongly influence who can effectively lead them. Some followers want larger-than-life, charismatic leaders like Bill Clinton. Others want modest, understated, practical leaders like Angela Merkel. This is explained by an idea known as implicit leadership theory, which says that whether you lead effectively is not only based on your leadership skills; it's also a reflection of your followers' expectations of leaders. Because culture is one of the variables that shapes what people expect and want from a leader, a culturally intelligent leader is wise to understand this before accepting a new leadership role or assigning someone else to one.<sup>18</sup>

#### Myth #4: Matrix Models Are Better Suited for Leading Across Borders

Many companies have moved away from headquarter-centric models of leadership to matrix models. Reporting lines go in multiple directions, teams are co-located, and decision making is more collaborative than top-down. Most of the world, however, prefers a more hierarchical style of leadership in which authority lines are explicit and followers are given clear, specific directions. There's great potential in matrix models for international growth and expansion. But a matrix model requires an additional level of cultural intelligence in order to effectively use it.

I've interacted with leaders at Google about this. Google has an extremely strong corporate culture and recruiters are given a clear standard of how to spot the Google DNA when searching for new Googlers. But the questions and techniques recruiters typically use to get a sense of a job candidate's interests, personal accomplishments, and innovative ideas need to be significantly adapted based on the cultural background of the candidate. And the ability to find the right candidates who fit with the more matrixed structure of Google requires culturally intelligent recruiters.

Global leadership itself is not a myth. It *is* possible to lead effectively across multiple cultures. This is the very thing we've been studying in our research on cultural intelligence for the last couple of decades. We have growing evidence that a leader's cultural intelligence predicts several important leadership outcomes—something we'll review more explicitly in Part III of the book. Effectively leading across various cultures is a capability that can be measured and improved. But it begins with a more thoughtful, situational understanding of leadership.

## Conclusion

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I'm sitting in an airport right now. For a split second, I forgot where I was. And the familiarity of the scene around me did little to help. The Body Shop is right in front of me, Burberry is to my left, Starbucks is to my right, and the duty-free shopping store is just around the corner. The guy next to me is typing away furiously on his smartphone. It's easy to see the familiar airport totem poles in Sydney, Sao Paulo, London, Hong Kong, Orlando, and Johannesburg and believe the world is flat in every way. In part, it is. You can order your grande, triple-shot, nonfat, vanilla, no-foam Starbucks latte in sixty-two countries. And endless competitors offer their own versions of the same drink in many more places. But beware of thinking that the same negotiating skills, sense of humor, and motivational techniques can be used indiscriminately with everyone, everywhere.

Leading in the twenty-first-century world means maneuvering the twists and turns of a multidimensional world. The continually shifting landscape of global leadership can be disorienting; experience and intuition alone are not enough. But cultural intelligence offers a way through the maze that's not only effective but also invigorating and fulfilling. Join a community of leaders across the world who are acquiring cultural intelligence to tap into the opportunities and results of leading across our rapidly globalizing world.