

Opening Doors Around the World...



Thought Leadership Paper from
Jeitosa Group International

Going Global Readiness Report
Executive Summary

By Karen V. Beaman



...Making Global Business Possible!

In collaboration with



PROPRIETARY

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GOING GLOBAL READINESS REPORT

By Karen Beaman, Jeitosa Group International

"In the future, success will come to those companies, large and small, that can meet global standards and tap into global networks."

**Rosabeth Moss Kanter
Harvard University**

INTRODUCTION

Few would argue that we live in a global world. The fact is globalization is here and here to stay. Yet, exactly what we mean by "global" varies widely depending on whom you are talking with and what you are talking about. Globalization can mean simply that a company has offices outside their home country and sells their products and services in other countries. There may be little communication or sharing across these offices, but the company is operating globally nonetheless. On the other hand, globalization can mean that a company offers one global service or product to the world, and the country offices serve as pipelines to the local market. And, of course, global can also mean anything between these two extremes.

In order to better understand the differences and stages of globalization, Jeitosa Group International, in conjunction with the association of International Human Resource Information Management (IHRIM), conducted a survey to assess the readiness of the HR and HRIT function to "go global" – from the perspective of the companies' global strategies and organizational structures, as well as with consideration of the people, processes, and supporting technologies. Specifically, the objectives of this survey have been to:

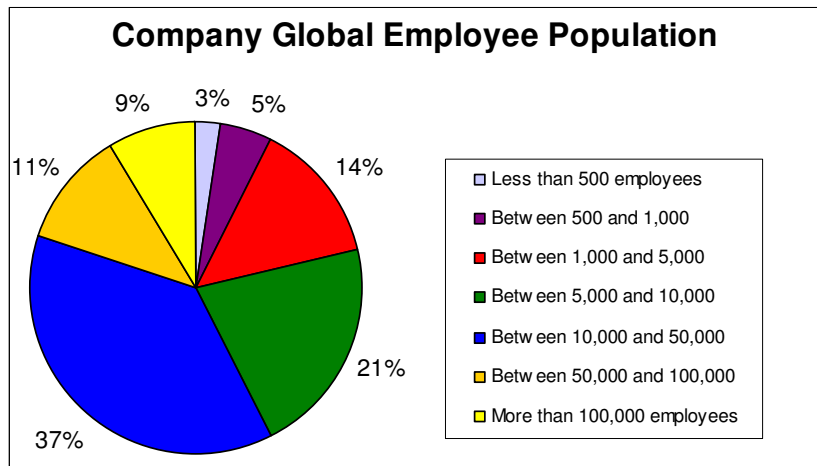
- Understand where HR/HRIT organizations are in the globalization life cycle;
- Assess the effectiveness and alignment of the global HR/HRIT function; and
- Uncover the value that HR/HRIT brings to today's global enterprise.

This report presents the preliminary findings from the Global Readiness Survey. To learn more, please participate in the survey by clicking on the following link. You will receive a complimentary copy of the full report along with benchmarks showing your company to others who have participated in the survey.

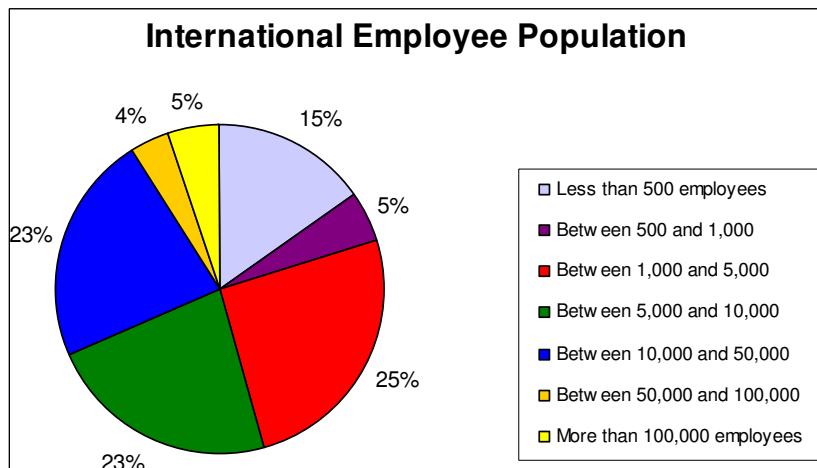
<http://www.surveywriter.net/in/survey/survey1373/GoingGlobalwithHR.asp>

STUDY DEMOGRAPHICS

Between March and May 2008, IHRIM and Jeitosa solicited participants for the Global Readiness Survey. Eighty companies completed the survey, covering a broad cross-section of company sizes and industries: 22% companies have less than 5,000 employees, 58% have between 5,000 and 50,000 employees, and 20% have more 50,000 employees.

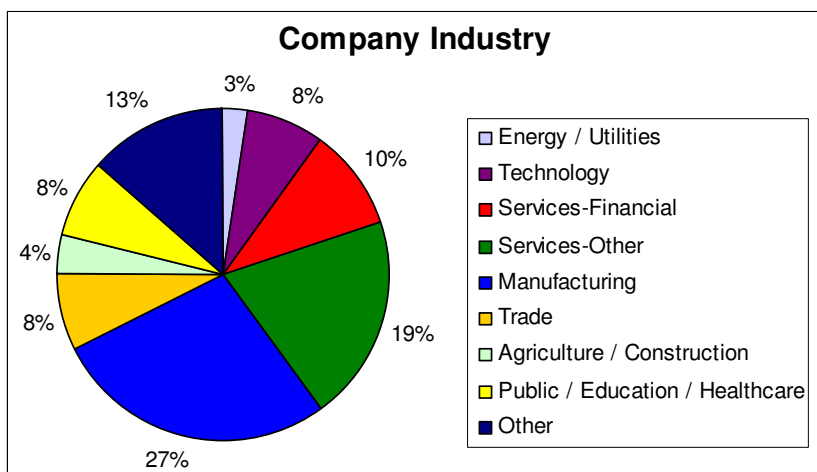


The companies in the survey also have significant international populations. The smaller companies (20%) have fewer than 1,000 international employees, while the larger companies (8%) have more than 50,000. The majority of companies (71%) have between 1,000 and 50,000 international employees.



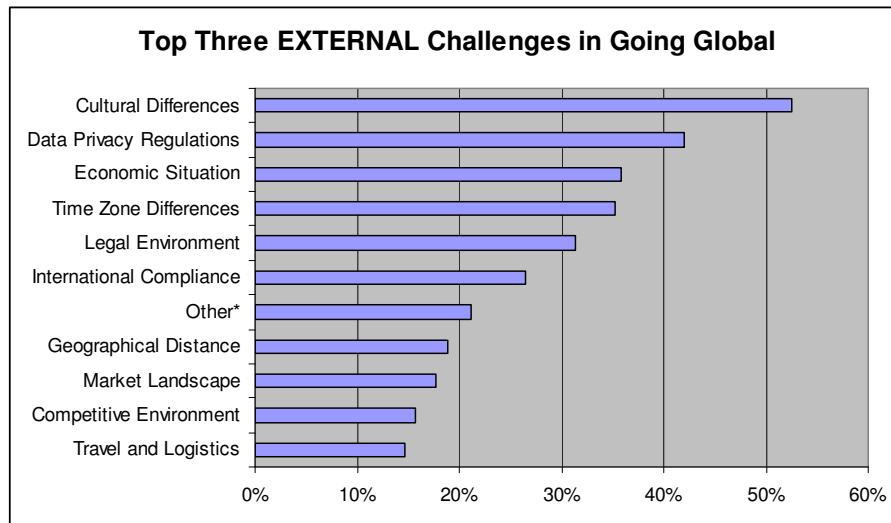
The survey also represents a broad range of industries, with companies covering such diverse sectors as energy/utilities, technology, services, manufacturing, agriculture, construction, education, healthcare, and public service.

Two-thirds of the survey respondents are from HRIT and the majority at the director/manager level.



TOP CHALLENGES AND SUCCESSES

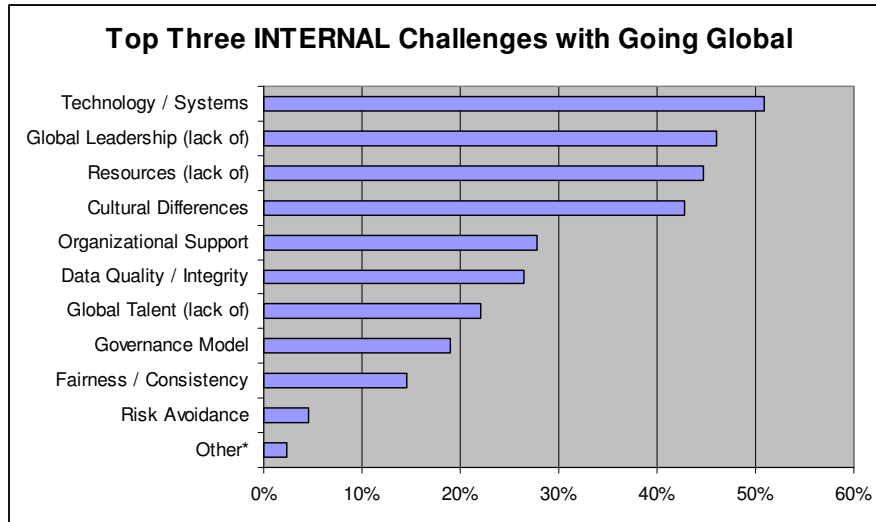
Survey participants were asked what top three challenges they encountered in going global in the HR/HRIT function. The majority of respondents indicated cultural differences (53%) as the top external challenge they faced, followed by compliance with data privacy regulations (42%).



The good news is that there are solutions available for these challenges: leadership development, cultural awareness training, change management programs, and global communication plans can help individuals understand and appreciate cultural differences and provide tools and techniques for improving cross-cultural collaboration. Formalized strategies for dealing with data privacy challenges, particularly in dealing with the European Data Privacy Directive, can be developed and include approaches such as Safe Harbor, Model Contracts, and Corporate Binding Rules.

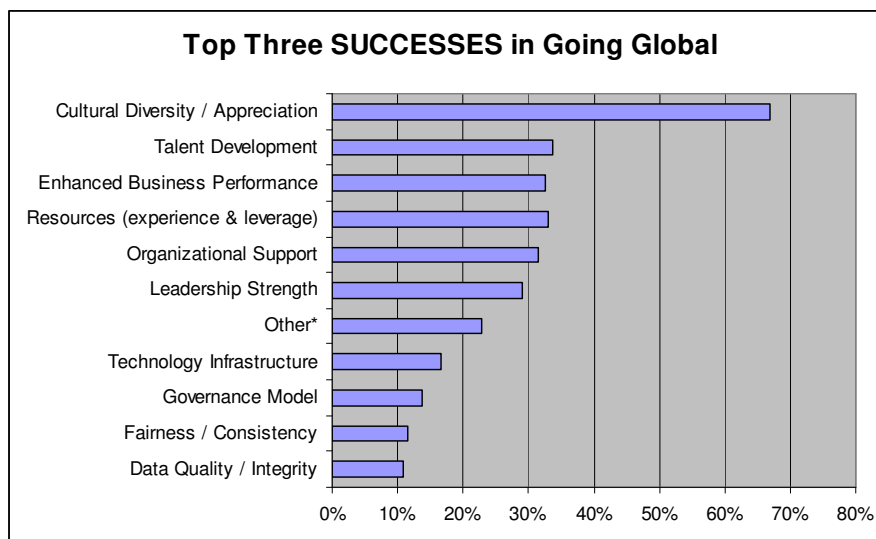
Other challenges companies face in working globally include the varying economic conditions across countries (36%), time zone differences (32%), legal environment (32%), and international compliance (26%). Clearly, improvements in the world economic situation, the local legislative environments, and the world time zone structure fall outside the realm of HR's control, yet strategies can be developed to minimize the obstruction and mitigate the risks associated with these challenges. Possible strategies include leveraging outsourcing and offshoring to deal with the varying economic and legislative conditions and building virtual, collaborative work environments through wikis, web conferencing, and chat and social software to better support and enable dispersed, disparate, global work teams.

The top internal challenges companies are facing in going global fall into two major categories: lack of technology and systems to support global initiatives (51%) and lack of experienced and culturally adept resources to work effectively in a global environment – both a lack of global leadership (47%) and a lack of sufficient other global resources (45%). Going global is a relatively new initiative for many companies, so it is not surprising that many would still be immature in these areas.



Solutions to these challenges are readily available, but organizations need to step up and realize that building a global infrastructure with global systems and global people takes effort, resources, budget, and time. More and more vendors are globalizing their product and service offerings making it now possible to source a global solution for HR systems. With the increased mobility and globalization of the workforce, it is also now possible to find experienced resources who understand first-hand the issues and challenges in designing and deploying a global solution.

Working globally, companies are also experiencing some successes. By far, the greatest success they are finding is in developing and appreciating global diversity (68%). While this is a challenge for some, it is also a success for others. Generally, the more familiar one culture is with another, the greater the understanding and acceptance of the differences that exist.



To a lesser degree, companies are also finding success in developing talent (34%), improving business performance (33%), leveraging experienced resources (33%), broadening organizational support (31%), and strengthening leadership (29%).

SUMMARY OF KEY FINDINGS

The key findings from the Global Readiness Survey are organized into five categories – strategy, organization, people, process, and technology.

Strategic Findings:

- For the majority of companies in the survey, their mission and vision (55.8%) and strategies and plans (50.8%) are set by global headquarters.
- Many companies also set their goals and objectives (39.1%) globally, but many also set them by business unit (17.3%), by region (18.6%), by country (10.5%), or by business site (8.6%).
- Most companies involve their HR/HRIT staff in the company's business planning efforts: 62.8% are involved globally, 16.7% are somewhat involved, and 20.5% are not involved at all in business planning.

Organizational Findings:

- The majority of companies organize their HRIT staff globally (58.3%); in contrast, many fewer organize their IT staff (43.6%) and the HR staff (33.3%) on a global basis.
- The most common global functions are procurement (59%) followed by governance (52.6%).
- More organizations also develop their outsourcing (33.3%) and offshoring strategies (29.5%) at the global level, rather than by business unit (10.3% and 9.0%) or by region (7.7% and 5.1%).
- Of the companies that have Shared Service Centers (SSC), they are dispersed across all levels: by country (14.1%), by region (14.1%), by business unit (11.5%), and global (17.9%).
- Centers of Excellence (COE) show a similar broad distribution, although slightly more skewed toward the global structure: by country (7.7%), by region (12.8%), by business unit (12.8%), and global (23.1%).

Business Process Findings:

- The most common global business processes are Compensation (50.0%), Risk Management (46.7%), Data Privacy (42.6%), Compliance (41.0%), Succession Planning (42.7%), and Learning (41.6%).
- Other common global processes include Top Talent initiatives (38.2%) and Metrics (37.3%), Performance Management (34.6%).
- Core HR processes show an interesting distribution: 30.8% of companies manage their HR processes locally and 25.6% globally, demonstrating considerable variability in how HR processes are managed by global organizations.

- Recruiting, Development, and Workforce Planning show the widest variation with companies doing these functions across all levels: by business site, local country, region, business unit, and globally.
- The most common local processes are Benefits (47.4%), Payroll (42.3%), and Time & Attendance (34.6% by country and 25.6% by business site) – not surprising, since these functions are the ones most affected by differing legislative requirements by country.

People & Competencies Findings:

- The top competency that companies indicated as contributing to global success was, by far, having a global mindset (54.5%), signaling an understanding that the ability to work globally is significantly different from working domestically in one's own country.
- The next top critical competencies indicated by companies for global success are risk tolerance (44%), cultural intelligence (44%), accommodation/flexibility (38%), and adaptable to change (36%). Global work entails so many unknowns that the ability to take risks and be flexible and adapt quickly are key competencies for success.
- Less strongly indicated were competencies around leadership skills (31%), business acumen (29%), and interpersonal skills (24%).
- Few companies felt that prior global experience (11%) or language skills (4%) were important competencies for success in global work.

Technology & Infrastructure Findings:

- The majority of companies have one single global HR system (57.7%).
- Compensation (37.2%), Performance (34.6%), Learning (33.3%), Recruiting (30.8%) are the next most globalized systems, followed by Succession Planning (25.6%) and Workforce Planning (16.7%) systems.
- The majority of Benefits and Payroll systems vary by country (52.6%) and are somewhat to fully integrated: Benefits (77.0%) and Payroll (76.6%).
- Levels of integration vary widely across systems: Compensation (38.5%) systems are mostly or fully integrated, while Talent Management systems somewhat or not at all integrated (14.6%).
- Recruiting (30.8%) systems are most commonly standalone; less than half are somewhat to minimally integrated with the HR system (44.9%).
- Most HR software is vendor-developed (70.5%), in comparison to ASP (12.8%), inhouse developed (9.0%), SAAS (3.8%), and BPO (1.3%).
- Recruiting (44.9%), Benefits (33.3%), Payroll (33.3%), Learning (25.6%) are common in the ASP model.
- Emerging SaaS models are seen in Recruiting (12.8%) and Compensation (7.7%) systems.

BEST PRACTICE RECOMMENDATIONS

Based on the survey findings, the following best practice recommendations have been developed, presented according to the same five categories – strategy, organization, people, process, and technology.

Strategic Recommendations:

- Develop your strategic plan with multiple horizons in mind: Horizon 1 for the short-term, perhaps 1-3 years; Horizon 2 for the mid-term, such as the next 3-5 years; and Horizon 3 for the long-term, over 5-10 years.
- Involve local HR and IT staff, rather than dictate from the top, to gain knowledge, garner buy-in, identify strategies, set goals and metrics, develop initiatives, and build collaboration.
- “Crawl, walk, run” by focusing first on small, short-term successes to build experience, confidence, and credibility, increasing the likelihood for achieving future success and securing additional funding.
- Ensure a seat at the executive table by demonstrating the value of HR/HRIT through performance metrics that align and connect to real business issues.
- Design and deploy a comprehensive change management program that targets both employees and line managers, includes cultural diversity awareness programs, and incorporates an effective communications plan.
- Design and deploy a comprehensive data privacy and protection strategy that meets global and regional business and legislative requirements.

Organizational Recommendations:

- In designing the organizational model, remember to “Think Global, then Act Local,” creating a global design and implementing with local resources.
- Understand that there is no one pure organizational model – most companies are hybrids.
- Ensure that your organizational model is aligned with your global strategy and fits with the company culture.
- Take a multi-dimensional approach to developing sourcing strategies, considering different functions, varying service levels, and disparate locations.
- Know when not to standardize and when not integrate processes, services, organizations, solutions.

Business Process Recommendations:

- In standardizing and globalizing business processes, it's important to first "Think Local, then Act Global," ensuring a thorough understanding of local issues in order to effectively optimize processes globally.
- Evaluate and decide which processes should be global, which should be regional, and which should be local, avoiding the one-size-fits-all approach.
- Start with the lowest level of local country legislative compliance, consolidating requirements at the local and then regional level, and harmonizing to the highest global level.
- Focus on business events and orchestrating processes differently for different business units and geographies.
- Follow an approach of continuous process improvement and optimization – remember, process improvement is a journey, not a destination.

People & Competencies Recommendations:

- Understand that there is no single best approach – select the right global mindset for the right organization and job.
- Implement cross-cultural training seminars, exchange programs, and rotational assignments to build inclusive, diverse teams.
- Build global cross-functional, cross-divisional, cross-cultural teams for the most successful projects.
- Recognize the global diversity is an evolution; understanding and acceptance doesn't happen overnight.

Technology & Infrastructure Recommendations:

- Deploy an modern, global flexible, enterprise-wide architecture to support the world-wide organization.
- Integrate applications to avoid costly, ineffective dual data entry, to improve data integrity, and to free HR non-value-added work.
- Connect individuals globally through technologies such as VOIP, social networking software, wikis, blogs, RSS.
- Manage the convergence of myriad, disparate technologies from telephones to computers to handheld devices through free, open technologies and mashups.
- Deliver services globally, regionally or locally, centralized, decentralized or hybrid, depending on business needs.

ABOUT THE AUTHOR



Karen V. Beaman is the Founder and Chief Executive of Jeitosa Group International (www.jeitosa.com), a worldwide strategic business consultancy focused on making global HR possible. Recently, she consulted with Workday as the chief strategist responsible for designing the Global Enterprise Model (GEM) and Human Capital Management (HCM) System. Previously she held global responsibility for the sales and delivery of ADP's professional services across the Americas, Europe, and Asia/Pacific. She was based in Paris for four years, where she was responsible for building and leading ADP's professional services business across Europe and for launching the company's professional services in Latin America.

Karen is an internationally recognized speaker and author and has published works on such topics as global human resources issues, information technology, transnational organizational design, strategic sourcing, sociolinguistic variation, cultural diversity, and global leadership. Her first edited volume, *Boundaryless HR: Human Capital Management in the Global Economy* (2002), addresses global strategic planning and implementation issues and her second, *Out of Site: An Inside Look at HR Outsourcing* (2004) takes an in-depth look at human resource outsourcing. Her third book, *Common Cause: Global Shared Services for Human Resources* (2006), looks at the planning, implementation, measurement, and ongoing management of shared services for HR operations. Her newest book, *HR Frontiers: Shifting Borders and Changing Boundaries* (2008) takes a broad look at the field of global human resource information technology from strategic planning to people management, from implementation and operations to measurement, compliance and governance.

She has a B.A. from Old Dominion and an M.S. from Georgetown University and was promoted with distinction to Ph.D. candidate in Sociolinguistics and Historical and Computational Linguistics. Her Ph.D. thesis conducted a quantitative analysis of sociolinguistic variation in Schwäbisch, a dialect spoken in southern Germany. She is the co-founder and Editor-in-Chief of the *IHRIM Journal*, Program Chair for IHRIM's Global Forum Summit), past-Chair of the *IHRIM.link* Magazine Editorial Committee, and a former member of the IHRIM Board of Directors. In 2002, Karen received the Summit Award, IHRIM's highest award honoring her lifetime achievements in the field. She is fluent in English, German, and French, and has a working knowledge of Spanish and Portuguese. She can be reached at karen.beaman@jeitosa.com.

ABOUT JEITOSA

Our Company

Jeitosa Group International was founded in 2004 as a global advisory and systems deployment firm servicing companies across the world in the areas of human resources, finance, and information technology. Jeitosa is a global organization with 50+ global business advisers covering 40+ countries focusing on the mission critical challenges and issues companies face as they grow — challenges and issues that are local, global, regional, and transnational.

Our Name

The name Jeitosa (pronounced zhay-taw-za) comes from the Brazilian Portuguese word *jeitosa* [from *jeito* + *-osa*], an adjective meaning able to find astute or ingenious solutions; skillful, adroit, clever, innovative, solution-oriented, problem-solving; making the impossible happen (Dicionário Aurélio). Working in the global, digital, virtual world demands a creative approach in finding elegant solutions to complex business problems, which is why this name aptly describes the kinds of solutions we provide for our clients.

Our Mission

Our mission is quite simple: *"we bridge people, process, and technology through agile, modern solutions to make global business possible."* Our goal is to be a global partner to our clients, enabling "Better HR" through more adroit and knowledgeable people, more effective and efficient business processes, and best-fit modern technologies.

Our Values

Jeitosa abides by six core values that govern interactions with all of our associates:

- **Integrity** – fostering openness and fairness in all our business relationships.
- **Motivation** – going the extra mile to ensure our clients' and partners' success.
- **Partnership** – engaging with all our associates for long-term relationships.
- **Knowledge** – sharing best-in-class global business and technology solutions.
- **Excellence** – delivering superior value to our clients, partners, & shareholders.
- **Balance** – building symbiosis in work, life, diversity, profitability, and fun.

***Jeitosa opens doors around the world...
making global business possible!***

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