



CUTTINGS

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Compiled and edited by Geof Cox

Matrix Leadership at Siemens

With 400,000 people spread across 190 countries, Siemens is a true multinational. And it manages itself through a matrix structure with a global product organisation meshing with local business units. How does this work? Collaboration, diversity and trust are the keywords, according to Dr. Nicolas von Rosty, a Corporate VP at Siemens in a Hay Group case study. This is how it keeps pace with rapidly evolving markets and develops leaders with the cultural sensitivity and emotional intelligence it sees as essential to success.

The Siemens matrix has a clear vertical product organisation and very strong local representation. The secret of success is collaboration between the vertical and local managers in their respective countries. This is reflected in the reward system. From 2010, at senior manager level, 20% of discretionary bonus payments are linked to collaboration.

Collaboration is not about people being nice to each other, it's more about creating a joint business together. This is a USP for Siemens.

Because of its diversity, it is one of only a very, very few companies who can offer whole solutions for megacities and for governments in terms of infrastructure, electricity, healthcare, and so on. This is only possible if you collaborate well.

Siemens experience in working efficiently in a matrixed environment highlights three important factors. Having the right people with the right behaviours is much more important than the organisation structure. Leaders need to really think in terms of cross-divisional behaviour for the good of the company and the customer and not think in their own silo. This, according to von Rosty, is number one.

Secondly, promote diversity. People with different experiences, backgrounds, working experiences and different nationalities are much more able, if well managed, to work, to find creative solutions and to collaborate together.

Thirdly, create a very strong peer group of people with a lot of mutual trust. To do this, Siemens invites all of its leaders on a regular basis to week-long development programmes where they really can build cross-

functional and international teams. And so they trust each other. They get things done much faster, without the politics.

For today's environment and the foreseeable future, Siemens sees a need for speed to compete with fast-growing companies in Asia, especially China and India. They also see demographics have a huge effect. In Europe, there is a problem of an ageing society with skill sets and experiences which are still extremely valuable. In growing markets like China, India and Brazil it is challenging to retain and develop best talents.

So, managers need to be able to lead heterogeneous, multicultural teams with courage and the ability to think disruptive, 'out of the box' thoughts. They use lateral development steps in equal importance to vertical steps, moving leaders around the world to fully leverage their potential and develop their diversity and emotional intelligence.

How leadership at Siemens stays ahead of fast-paced workplace trends, Hay Group Best Companies for Leadership report.

Leadership Skills

Dianna Booher explains the key characteristics of true leaders from her book: *"Creating Personal Presence: Look, Talk, Think, and Act Like a Leader"*

Act with integrity: One inappropriate action uncovers the counterfeit. And once credibility vanishes, regaining it becomes a monumental task.

Listen like you mean it: It increases likeability, which leads back to trust in you as a leader.

Commit to what you communicate: If you say you'll do something, do it.

Be accountable for results: This attracts attention and translates into others' perception of your leadership.

Engage emotionally by being approachable: The combination of

competence and likeability characterises outstanding leaders.

Never whine: Constant complaining characterises those who lack success and feel powerless to improve things for themselves.

Follow protocol when mixing business with pleasure: Social and work lives blur, so understand the rules of timing and appropriateness.

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A collection of thought provokers and quotations...

- ✂ "My son is now an 'entrepreneur'. That's what you're called when you don't have a job." *Ted Turner*
- ✂ "Don't walk in front of me; I may not follow. Don't walk behind me; I may not lead. Just walk beside me and be my friend." *Albert Camus*
- ✂ "Change is the law of life. And those who look only to the past or present are certain to miss the future." *John F. Kennedy*
- ✂ "Hold yourself responsible for a higher standard than anybody expects of you. Never excuse yourself." *Henry Ward Beecher*
- ✂ "Count your joys instead of your woes; Count your friends instead of your foes." *Irish Saying*
- ✂ "A moment's insight is sometimes worth a life's experience." *Oliver Wendell Holmes, Jr*
- ✂ "Wealth consists not in having great possessions but in having few wants." *Epicurus*
- ✂ "They always say that time changes things, but you actually have to change them yourself." *Andy Warhol*
- ✂ "People grow through experience if they meet life honestly and courageously. This is how character is built." *Eleanor Roosevelt*
- ✂ "Just because something doesn't work as planned doesn't mean it's useless." *Thomas A. Edison*
- ✂ "Courage is not the absence of fear but the awareness that something else is more important." *Stephen Covey*
- ✂ "Always give without remembering and always receive without forgetting." *Brian Tracy*
- ✂ "In the business world, everyone is paid in two coins: cash and experience. Take the experience first; the cash will come later." *Harold S. Geneen*
- ✂ "Flow with whatever is happening and let your mind be free. Stay centred by accepting whatever you are doing. This is the ultimate." *Chuang Tzu*
- ✂ "You'll never find a rainbow if you're looking down." *Charlie Chaplin*

Learnings from the Long View

Peter Schwartz, the author of the 1990s book on scenario thinking "The Art of the Long View", has now contributed a short follow-up book with the same title as this article. As well as presenting three new scenarios for 2025, he discusses three successful case studies and four "bad calls" from his earlier thinking. The "lessons learned" behind the four "bad calls":

- *Experience can mislead.* On the day of the invasion of Kuwait, a war was not being anticipated – why? Because the mental model based on the history of the oil industry was not challenged.

- *Ask about history.* Not one of eight scenarios developed two weeks before the Mexican peso crash of 1994 anticipated the crisis – why? The group of people who created the scenarios were not diverse enough, and none pointed out that a new president was often accompanied by a devaluation of the peso.

- *Scenarios are about people and politics as much as intellectual challenge.* After a scenario workshop on the future of mining, many of the team who took part were fired by the CEO – why? The CEO used it to find people who were not "100%" aligned to his Official Future.

- *Question the data – could there be systemic gaps or errors?* Scenarios developed for Singapore in spring 2008 did include an extended recession but did not anticipate the magnitude of it, nor the financial crisis – why? Two factors – lack of understanding of the inter-connectedness of the global economy, and perhaps more importantly, the fact that much of the global GDP did not appear on balance sheets – even the IMF and the Bank of International Settlements and did not have a complete view of the size of the shadow economy. (Nouriel Roubini, www.roubini.com, who did, was thought to be a outlier).

Learnings from the Long View by Peter Schwartz is available from Amazon.

This article is adapted from the newsletter of my colleagues at the St. Andrews Management Institute

www.samiconsulting.co.uk

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To discuss any ideas please call me:

Geof Cox

New Directions Ltd,

26a Downleaze, Bristol BS9 1LZ, UK

phone: +44 (0)117 968 1451

mobile: +44 (0)7753 626284

email: geofcox@newdirections.uk.com

web: www.newdirections.uk.com

www.learningconsortium.eu

www.gettingresultswithoutauthority.com