

Creating results from a distance

Virtual Leadership and Team Work

A Mercuri Urval Survey
in cooperation with **Business School Ingolstadt**

Participating countries:

Australia, Austria, Belgium, Brazil, China, Denmark, Finland,
France, Germany, India, Netherlands, Norway, Portugal, Singapore,
Spain, Sweden, Switzerland, United Kingdom

Period of data collection:

May/June 2014

Sample:

529 respondents from international operating organisations, public and private

40% Senior Management

20% Middle Management

17% CEOs

13% C-Level

10% Specialist Level

Survey Method:

Online questionnaire, anonymous

Survey conducted by:



Contents

| | |
|---|----|
| Introduction – Leadership re-visited | 4 |
| Virtual Leadership and Team Work – just a trend or the future business reality? ... | 6 |
| What does the virtual reality look like? | 8 |
| Preparing for Virtual Leadership | 11 |
| The most important challenges | 12 |
| – and the most important opportunities | 13 |
| The new Virtual Leadership profile | 14 |
| Virtual Leadership and Team Work – we help you prepare for the future | 16 |



Introduction – Leadership re-visited

In today's ever-changing world every organisation is facing serious challenges with regards to a faster growing globalization, rapidly changing technology, and ongoing reorganisation.

Today, Global matrix organisations are a very common environment for employees and leaders:

Leading and working effectively in a matrix poses challenges, especially if employees are globally dispersed. Employees often have reporting lines to a manager located on the other side of the world with a significant time difference and most likely English is the common, but often not the native language, of either of them. The same applies for leaders: they have to lead and manage a team of various nationalities, spread all over the globe and often with very different corporate cultures, especially when the overall team might be a result of an M&A process. Often team members do not know each

other which adds further complexity for leaders when they are striving to create a culture of excellence and collaboration.

This happens in mature and emerging markets, in small and big organisations, across all business sectors and requires a very high level of adaptability, flexibility and resilience to be able to deliver results and to remain productive.

While there are plenty of surveys on leadership and how to work effectively together, the virtual work environment has received significantly less attention to date.

Mercuri Urval however is dealing every day in their work with the topic of virtual leadership and wanted to gain a deeper insight. From the 77% of respondents who stated that Virtual Leadership is a relevant topic in their company, three findings particularly stood out:

85%

Virtual leadership skills will become one of the core competencies of a manager

NEED



66%

The accomplishment of business objectives has become a lot more complicated

CHALLENGE



13%

Yes, my organisation defines a different skill set or asks for specific expertise for virtual leaders

SOLUTION



By directing our focus on the topic of Virtual Leadership and Team Work, Mercuri Urval's research team set out to explore the topic in more depth, providing insights that we hope help all of us deliver better results in the future. Gaining knowledge about virtual leadership and the relevant success factors can push an organisation forward and turn average or even underperforming teams into excellent contributors towards a company's success.



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Virtual Leadership and Team Work – just a trend or the future business reality?

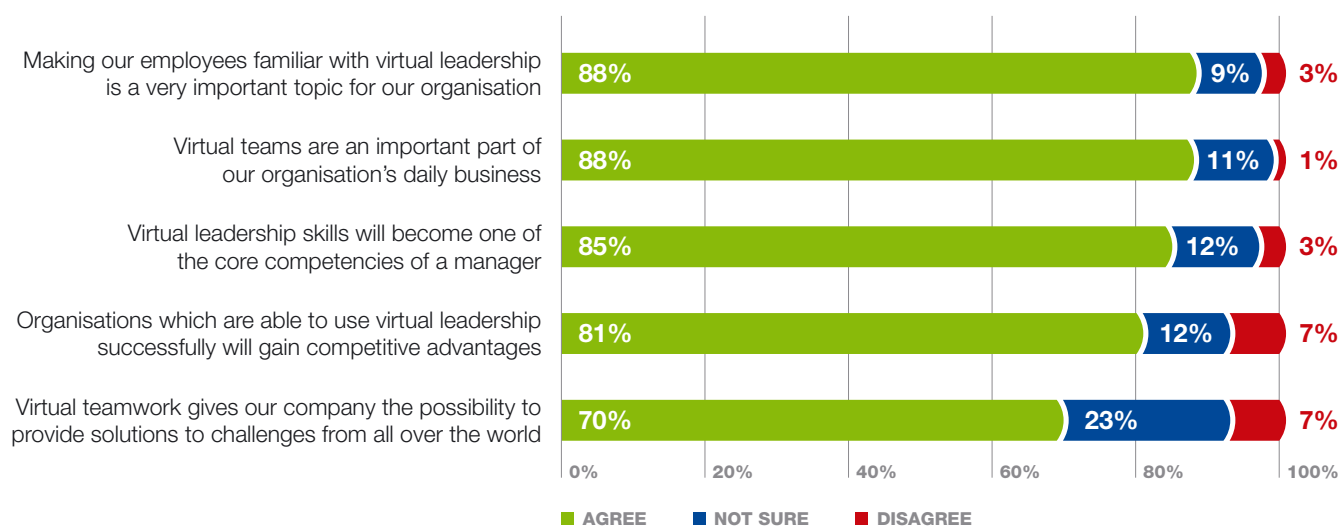
We all know of the trends and fashions in business life that were hot topics, discussed, debated, demonized, promoted, cheered and forgotten. Working in a virtual environment however, has somehow never received such attention, has not been a “hot topic” and still – it somehow crept into our daily business lives without being noticed as one of the biggest challenges.

In contrast to those trends and fashions that are long forgotten, working virtually seems to have established itself as a non-reversible phenomenon.

From the respondents of our Survey, 77% were agreeing that Virtual Leadership is currently a relevant topic in their company.



Asked to agree, to state indecision or to disagree with five different statements, our respondents have expressed clearly and without any doubt that Virtual Leadership matters:



We can confidently say that the Virtual Team will be the rule not the exception in our daily business lives, today, and even more in the future.

Virtual Leadership and Team Work is not a trend or a fashion. It has become business reality. This new reality requires us to think of leadership in a new way.

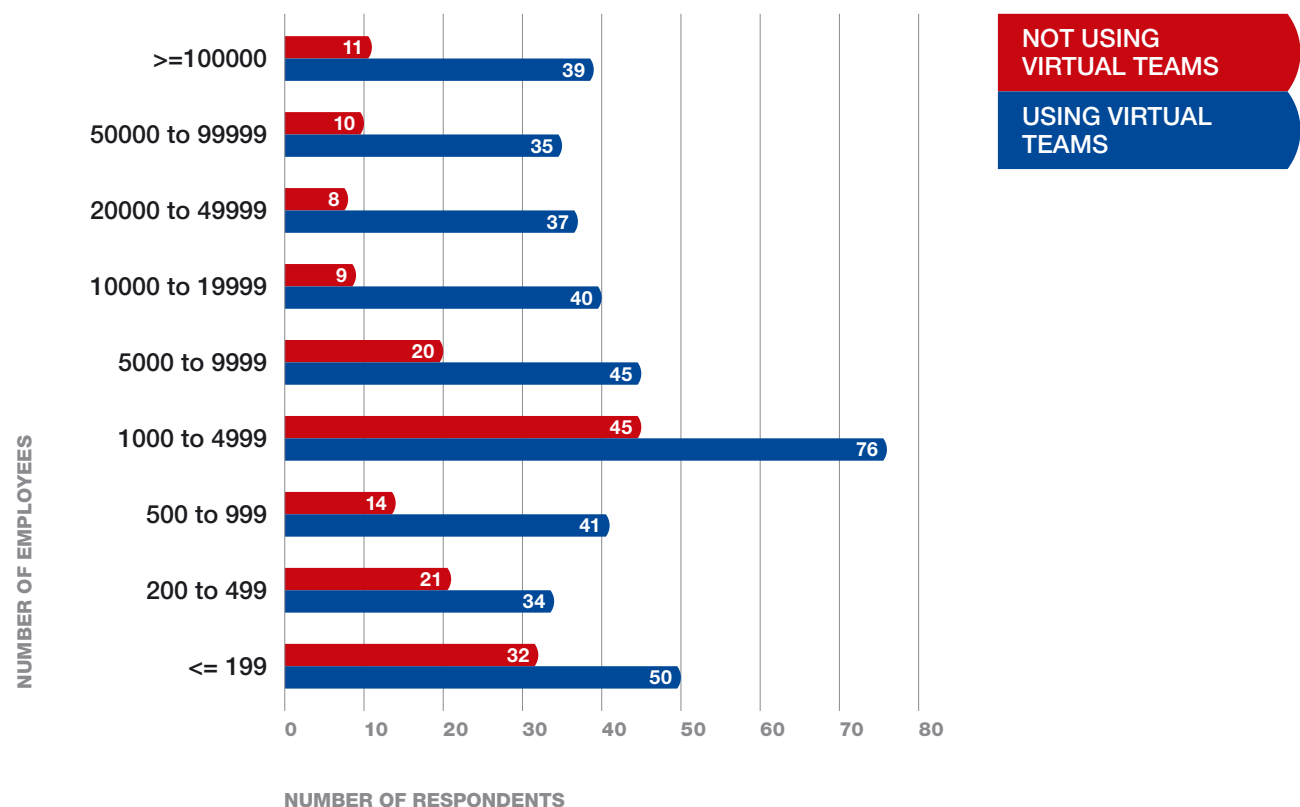
What does the 'virtual reality' look like?

If we say we need to think of Leadership in a new way from a virtual setting, we have to first understand what that virtual reality looks like.

research shows this is not entirely true. Of course, the bigger the company the more likely it will be that they operate in numerous countries. But our survey shows that it is a matter for any size of company:

Does size of organisation matter?

One could believe that this is only a reality for big organisations – global, multinational organisations that have set up locations all over the world and act interconnected with multiple interfaces around the globe. Our

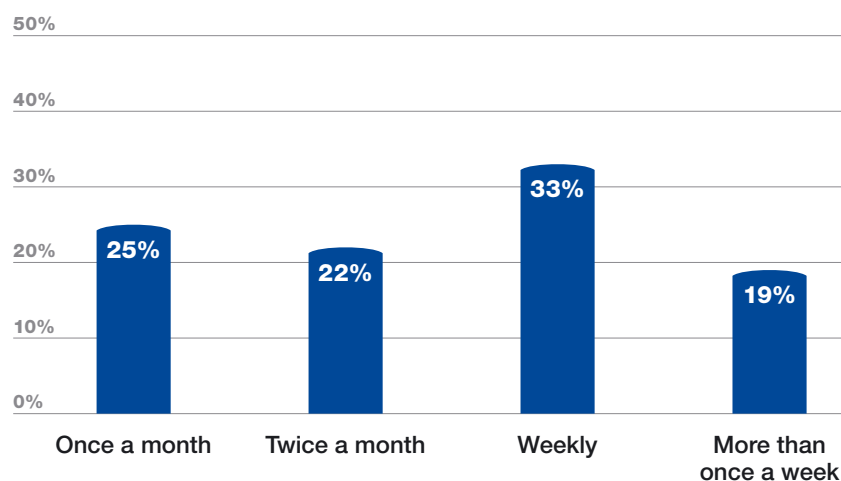


While we can say that the share of organisations that are not using virtual teams is significantly higher in smaller organisations than in the big ones, we learnt that no matter how small or big an organisation is, virtual teams do exist and are part of how organisations operate. Hence, the new Leadership thinking should be considered within any company, independent of their sheer size, and especially for smaller organisations who sometimes simply don't have a choice but to deploy their people virtually to be as cost efficient as possible.

Meeting habits of virtual teams

Virtual meetings are conducted often and regularly. Most teams meet once a week by phone conference, video conference or web conference. This is maybe even more often than local teams meet personally.

When considering all types of meetings (e.g. phone conferences, video meetings, web conferences), how often does your virtual team meet?



Regarding face to face meetings more than half of our respondents don't meet with their virtual teams more than twice a year. There seems to be two beliefs: either meeting frequently – more than twice a year or meeting substantially less.

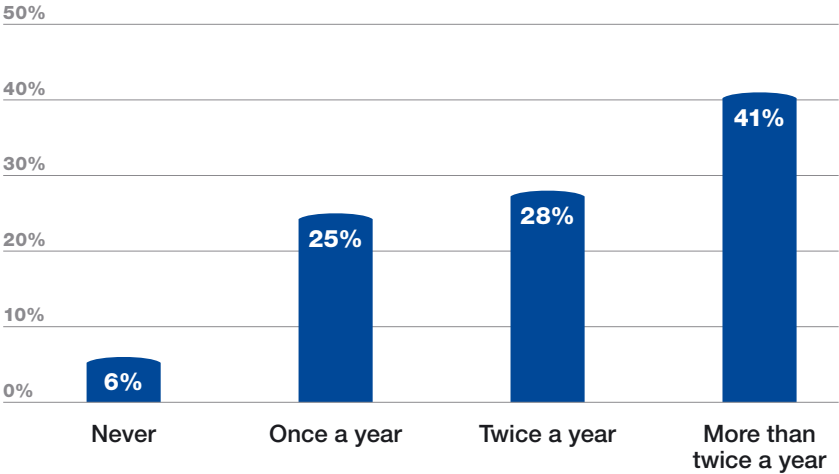
However, the fact that 41% still meet personally more than twice a year – which is a surprisingly high number – shows that organisations have not yet found the ideal way to lead and work virtually and personal meetings remain simply necessary to be productive and execute leadership successfully.

Symptoms of desperation

It is possible that the expressed desire to meet up face to face and the fact that in real life virtual teams meet a lot more often than we would have expected, led to 27% of people agreeing with the following: “In the future our company will use local teams as often as possible because virtual teams have to deal with a lot more difficulties”.

However, for many organisations that face difficulties with virtual teams, going back to non-virtual teams is simply not an option. Business reality will not allow it and

How often does your virtual team meet personally?



This finding was supported by 86% of our respondents considering personal meetings a requirement for the success of virtual teams.

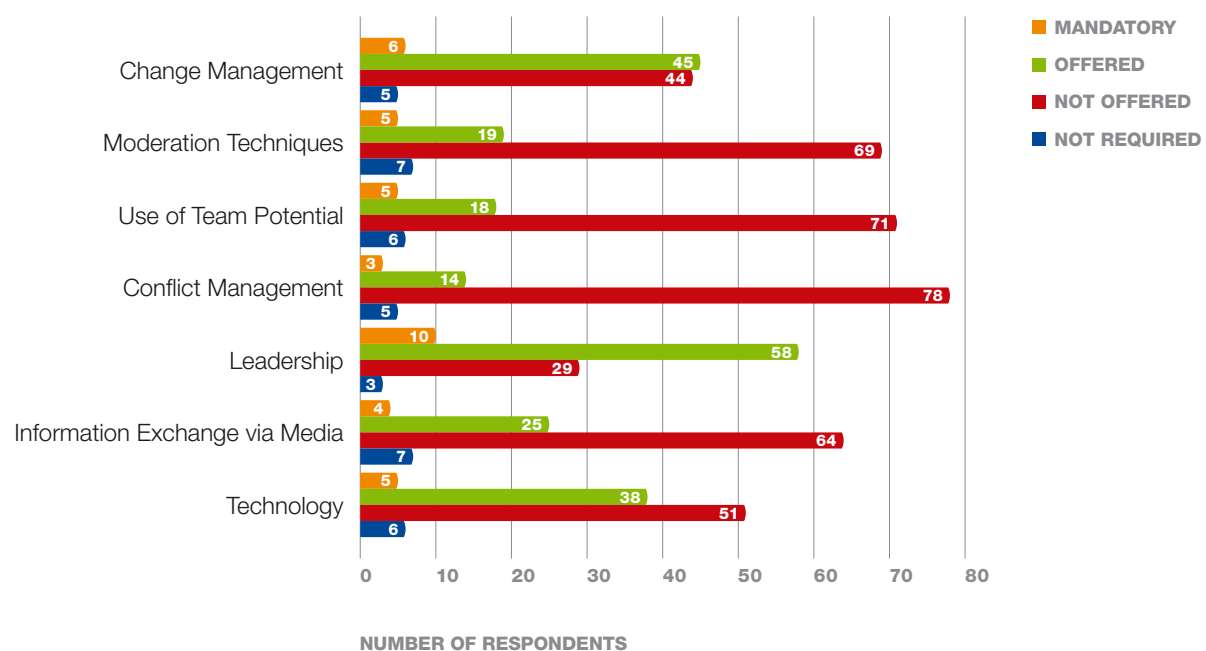
organisations will have to find solutions to improve the virtual way of working and leading people.

Preparing for Virtual Leadership

Considering that virtual leadership has become a day-to-day routine and that the success of international organisations depends on the quality of this, we asked how well do organisations prepare their virtual leaders for this challenging task.

ings, managing conflicts and exchanging information via media are not offered in most of our respondents' organisations. Organisational reality seems to clearly contradict the statement to which 70% agreed: "Making our employees familiar with virtual leadership

What's on offer?



Specifically we asked our respondents what training or coaching options are offered in their organisation to prepare virtual leaders to master their role successfully.

Training around change management, leadership and the use of technology is widely offered; there is however only a small share of organisations that name it as mandatory preparation. Surprisingly such important skills like managing change, moderating virtual meet-

ings is a very important topic for our company". Aspiration and reality seem to not be aligned yet. There appears to be a lot of room for improving virtual leadership by implementing mandatory training and coaching that address specific domains relevant for successful virtual leadership.

The most important challenges ...

Virtual team work and leadership come with different challenges than the usual local setting in non-virtual environments. These can be challenges for the individual, challenges for the team and challenges for the organisation.

Identification with an organisation is important to ensure motivation, commitment and productivity. Creating such identification in a virtual space needs the full engagement of the organisation and the leader.

Key challenges that were identified:

Complexity is increased in virtual teams and that affects important aspects of business success.

A more apparent team diversity can be an advantage in an international organisation. However, it can also make collaboration and team work more difficult since it requires more adaption from everybody involved.

If a leader cannot evaluate how stressed their people are, they might make the wrong decisions in assigning people to tasks and projects and in the long run seriously damage the productivity of their team.

| Statement | Agree | Not sure | Disagree |
|--|-------|----------|----------|
| Team diversity such as nationality, language, or culture becomes even more apparent in virtual teams | 71% | 16% | 13% |
| Team members' level of stress is more difficult to evaluate | 69% | 15% | 16% |
| The accomplishment of business objectives has become a lot more complicated | 66% | 17% | 17% |
| Personal identification with the corporation is made more difficult | 57% | 13% | 30% |

...and the most important opportunities

Virtual settings do not only create difficulties – they are also excellent platforms for developing important capabilities.

Opportunities that we found

With virtual teams comes a better chance for each individual to take on increased responsibility, to play a more important role and to gain greater exposure across an organisation.

More individual responsibility is a mandatory requirement to succeed in a virtual setting. If given this can lead to a high business target achievement and higher productivity.

Creating and using virtual teams, organisations have the chance to assign the right people with the right skills and personal capabilities to drive growth and create best possible results by adjusting to changing markets.

| Statement | Agree | Not sure | Disagree |
|---|-------|----------|----------|
| A bigger distance to a team leader requires more individual responsibility | 88% | 8% | 4% |
| Virtual teams support the ability to adjust to changing markets | 71% | 23% | 6% |
| The higher level of self-responsibility among team members results in higher productivity | 62% | 28% | 10% |
| Higher individual responsibility leads to a higher business target | 57% | 31% | 12% |

The new Virtual Leadership profile

Virtual Leadership is an important topic for organisations. We have found that it comes with certain challenges that are unique to a virtual setting and we have seen that organisations still need to develop skill sets for virtual leaders.

The majority of the competencies we have asked our respondents to evaluate are understood as relevant for both types of leadership (local and virtual). Although some competencies stand out and should be considered as highly important to lead successfully from a distance:

| Competency | Far more for Virtual Leadership | For both types of Leadership | Far more for non-virtual Leadership |
|------------------------|---------------------------------|------------------------------|-------------------------------------|
| Communication skills | 51% | 48% | 1% |
| Independence | 50% | 48% | 2% |
| Flexibility | 43% | 53% | 4% |
| Contact ability | 39% | 48% | 13% |
| Planning skills | 39% | 59% | 2% |
| Initiative | 34% | 64% | 2% |
| Delegation | 34% | 62% | 4% |
| Co-operation | 24% | 71% | 5% |
| The ability to inspire | 23% | 67% | 10% |
| Endurance | 22% | 75% | 3% |
| Judgement | 19% | 78% | 3% |
| Problem solving skills | 19% | 78% | 3% |
| Goal orientation | 18% | 82% | 0% |
| Action orientation | 18% | 78% | 4% |
| Empathy | 16% | 72% | 12% |
| Decisiveness | 16% | 82% | 2% |

| | | | |
|------------------------------------|-----|-----|----|
| Achievement orientation | 16% | 82% | 2% |
| Emotional stability | 13% | 78% | 9% |
| Willingness to accept consequences | 13% | 82% | 5% |
| Decision making | 13% | 82% | 5% |
| Analytical skills | 12% | 85% | 3% |

From this we can derive a new leadership profile that is suitable for providing virtual leadership with a competency framework to help ensure the right selection is made, the right preparation is in place and direct the development of talent for an increasingly virtual future.

The new virtual leader needs to be a:

“ Proactive communicator who can establish contact easily, acts and decides independently, shows a high level of flexibility while he/she delegates and plans ahead effectively. ”

Taking virtual leadership and teamwork seriously, considering it as a new understanding of leadership will prepare organisations for the future and enable them to be ahead of their competition around the globe.

Virtual Leadership and Team Work – we help you prepare for the future

The future is shaped by faster growing globalization, rapidly changing technology, and on-going changes in organisations. This is happening not just in one location or at many locations but also in between: in the virtual environment. This is a new dimension to business and the “how to” part about it depends on people.

Leadership re-visited means people in an organisation have to change the way they think, execute, develop and evaluate leadership.

At Mercuri Urval, we might not be able to predict the future, but we can help you prepare for it.

We believe that any change has to start inside the minds of your people. Once you get people to change the way they think, they'll start doing things differently and your business strategy comes to life.



To get more information about our research or how we can help you with the 'how to' question, please contact the research leaders:

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