

THE EXECUTIVE GUIDE



Building a career today

When taking a lateral step makes sense

If they think much about building it at all, people tend to believe the best way to build a career is through a series of progressive steps — climbing the rungs of the proverbial ladder. Careers today, however, rarely advance along such a linear path. The complexity of business demands a breadth of knowledge and experience — functional, operational, profit and loss, geographic, leadership — that is unlikely to be developed in a series of progressively larger general management or functional roles. Increasingly, leaders must have been tested in and survived assignments outside their comfort zone.

How then can aspiring leaders develop the breadth of functional, business and leadership experience they need to prepare themselves for the demands of more senior roles? One approach many executives are taking to build capabilities and gain critical experience is making a lateral move into a different functional area, geography or larger, more complex business. Most broadly defined, a lateral move is any job change with a similar title or level — and, often, similar compensation — that provides the opportunity to develop skills and experience in a new area, potentially expanding the individual's career options. Some companies coordinate these moves as part of a development track for up-and-coming leaders, while many executives must find opportunities themselves within or outside of their organizations. While lateral moves have become an increasingly common component of careers today, there are risks and tradeoffs to consider.

why lateral moves? the risks and rewards

As in other multinational businesses, aspiring senior leaders at Mondelez International must acquire a “cocktail of competencies and capabilities” to be considered for top roles. This cocktail includes in-country market experience, category experience and both emerging markets and developed markets experience, says Athene Van Mazijk, vice president of human resources for Eastern Europe, Middle East and Africa for Mondelez International. “By virtue of that combination, executives must move around to different roles.”

Beyond the specific experience gained through moves to new geographic markets, functions or business units, lateral moves throw individuals into completely new environments, with different cultures, different priorities, ways of working and communicating, different stakeholders and distinct vocabularies. All of this tests individuals’ resilience, their ability to learn and adapt, and their readiness for more complex and demanding positions.

“Having experience in different geographies is less about the specific locations themselves and more about learning to operate amid different types of challenges and issues,” says Cecilia Ho, president of Asia for International Paper. “The issues that we have in China are very different from the issues that we have in the U.S., for example, and the issues we have in Brazil will be very different from the issues we have in India. If you can demonstrate that you have the ability to manage a business in different environments, then you just really broaden your skills, broaden your capabilities, broaden your way of thinking and learn from different people. That experience is very meaningful and very worthwhile.”

Yet lateral moves carry the risk of failure. Especially when leaving a company where you have built a successful track record, a lateral move requires giving up the safety and security of the known: credibility built up over time and a support network to turn to for advice, help or a new opportunity if the assignment doesn’t work out.

André Luís Rodrigues, chief financial officer of JHSF, one of the leading companies in the Brazilian real estate sector, characterized his decision to leave Rhodia after nearly 20 years as one of the most difficult professional decisions he has made. The opportunity at JHSF, which operates in the development and administration of shopping centers and first-class hotels, would allow him to develop additional technical and leadership skills and flex new muscles working with active and participant shareholders of the listed and family-controlled company. “I would not be considered a complete CFO unless I had an experience in a Brazilian listed company,” he recalls. Yet Rodrigues had strong emotional ties to Rhodia — he had even met his wife there — and was committed to the company’s culture and values. The idea of leaving was emotionally anguishing. He also faced uncertainty about his ability to adapt to a completely different environment and the possibility of underperforming after a highly successful career at Rhodia. Ultimately, he decided to make the move to continue his professional development as CFO. “I thought that the longer I stayed in a multinational environment, the harder it would be to make this transition.” To minimize the potential risk, Rodrigues conducted extensive due diligence, speaking to multiple stakeholders, including financial institutions, competitors, business leaders and the executive he was replacing. “The decision has to be carefully evaluated, not taken by impulse.”

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Sometimes the considerations are more personal. Chester Yang, CEO, China for Bunge, was a young executive at Cargill who had just led the transformation of a money-losing U.S. West Coast operation to a profitable business in the mid-1990s when he was asked to relocate to China to run a struggling joint venture in Shandong. Making the move would require him to leave a comfortable life in California and detour from a successful career progression. Furthermore, with a “200

percent chance” of failing in the new role, he risked losing connections to former bosses and colleagues while in China and, if he indeed failed, the prospect of returning to diminished opportunities. Nevertheless, Yang ultimately decided to make the move, in part to honor his family’s ethnic Chinese roots and because he refused to allow fear of failure to dictate his decisions. “You make a lot of decisions every day, but there are two to three decisions you make throughout your lifetime that really impact and change you, and I believe that was one of them for me,” says Yang.

a career story line

Given the risks and the uncertain rewards, a lateral move should be carefully considered in light of how it fits into the larger vision of one’s career. Lateral moves can demonstrate an individual’s growth, potential and broad-based experience, but if the career progression doesn’t “make sense,” it can seed doubts in hiring managers about whether the individual has had the opportunity to really build successes over time.

“One needs to begin with the end in mind,” says Fabian Wong, president of Philips Consumer Lifestyle, Greater China. Knowing that he wanted to be a general manager, Wong decided to move to a country sales and marketing role after three years in a regional sales role in order to gain the in-country experience. “The experience of running a team in-country made me a better regional leader later. Then I took several smaller country GM roles before being assigned to China. Moving between different geographic markets was really a strength and pushed me out of my comfort zone.”

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To identify the skills you may need to develop, consider where you see your career growing: a multinational company or regional or local organization? A private or public company?

Comfort with a matrix leadership structure and a potentially narrower realm of responsibility may be required to excel in a multinational company, while a smaller or private company may provide a broader and more holistic set of responsibilities.

“It is essential to define a specific objective,” agrees Rodrigues. “People who have difficulty in establishing career objectives hardly ever achieve pre-determined goals. Nowadays, it is very difficult to break away from daily activities to reflect about one’s career in a deeper way, but it is critical for this kind of experience that the executive have a long-term self-development plan, combined with an execution strategy.”

Van Mazijk recommends developing at least one deep signature experience. “Where we’ve seen people come up short, even with all the potential in the world — high cognitive ability, lots of learning agility — is having too little of a foundation in one particular specialization. They reached a mid-stage in their careers and they are a Jack-of-all-trades and master of none, and then a crisis presents itself,” she explains. “As an organization, we also like to try and increase the challenges, every second experience or so, in order to toughen up their resilience and give them an opportunity, under quite stressful circumstances, to navigate a path through a business challenge. We see people buckle in regional leadership or global functional roles when they don’t have a signature specialization to lean into, or they haven’t had the critical pressure-cooker experience.”

Flexibility also is important. Ho cautions against allowing an overarching, distant goal such as becoming CEO prevent executives from accepting valuable opportunities that appear somewhat off the straight path to the C-suite. Performing well in these scenarios can open new doors. “Focus on doing your current role well and, if you are given an opportunity, be open-minded. The more you focus on moving in a straight line from wherever you are to the CEO, you may lose opportunities to gain valuable experience along the way and you may not get there in a linear way anyway.”

Individuals can improve their chances of being top of mind for developmental lateral moves by having regular discussions about long-term goals and aspirations with their bosses as well as formal and informal mentors. Communicating a willingness to be open to new opportunities will encourage others to view you as a versatile asset. It's also important to have a realistic view of the company situation, the possibilities and the potential time horizon for achieving career milestones. Ideally, opportunities will leverage existing strengths in one or two areas, while helping to build capabilities in new areas.

Ultimately, individuals have to know themselves and what drives them when considering lateral opportunities. "Everybody defines success differently, and the individual making a decision about a promotion or lateral move, whether it is relocating to a different region, business unit or a different company, has to ask him or herself what they value and how they define success," says Yang. "A lot of people live through life and do not truly understand what their values are, what makes them tick. You can go from a multibillion-dollar business into a couple-of-hundred-million-dollar business and still be very happy, or you can go from a hundred-million-dollar business to a multibillion-dollar business and be miserable every day. We've all known people like that."

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make lateral moves successful: closing skill gaps and learning to adapt

Making a lateral career move is more complex than sometimes appreciated, whether moving within your own company or joining a new company. The culture, team, infrastructure, leadership styles, communication preferences, business routines and requirements of the role will be different. And it can be easy to underestimate the challenges inherent in a lateral move, compared with a promotion into a larger, more complex position, where executives expect to have to make a leap in capabilities.

Identifying and addressing gaps in technical skills and capabilities is part of the equation for succeeding in a lateral move. Pay attention to the cultural differences and be prepared to adapt to new communication styles and ways of working. Being humble, accessible and open to the new culture also will ease the transition. Finally, stay attuned to signals from your new team about how you are integrating and performing.

"Most people are receptive to coaching from their boss, but we are not as receptive to coaching from our peers and we can miss important signals," says Ho. "When our peers give us signals that whatever we're doing is not working, we tend to ignore it. If the boss says something is wrong, it's already too late. You need to really learn from your peers or even from people beneath you, and you just have to be humble enough to ask for that feedback."

Support from the company also is critical. "Lateral moves or international assignments should go side-by-side with succession planning, so that the company has a long-term perspective on talent," says Wong. "The company should have a standard approach and build a good infrastructure so that lateral moves across geographic markets become easier."

Van Mazijk agrees. The most successful lateral moves are those that are planned well in advance, predicated upon clear developmental objectives and part of coordinated succession plans. "Those objectives need to be made pretty transparent, both to the organization at large, but specifically to the handful of people who should be coaching and mentoring the individual in his or her next move," she says. "We also find transitional support for the first 90 days very beneficial."

Transitional coaching helps to focus the individual around the developmental objectives, and to contract those with the individuals around them. So the right team will know exactly what it is that the individual is there to learn and also what he or she needs to contribute. That balance is important.”

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conclusion

Lateral moves can help develop specific technical capabilities, broaden individuals’ knowledge of the business and test their resilience and readiness for bigger, more complicated positions. Such job changes can be driven by the organization in order to provide developmental opportunities to high-performing leaders, or pursued by individuals themselves to gain exposure to a different business model, join a more established brand or institution or break into a faster-growing industry. Whatever the reason, the potential benefits and possible risks should be carefully considered so that the new role achieves developmental objectives and helps advance an overall career vision.

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