

“Leading in a Time of Globalization” Presented by Christopher DiGiorgio

College of Business Global leadership Breakfast Speaker Series Guest Speaker: Chris DiGiorgio

Good morning, I would like to welcome all of you to this inaugural event of the global leader’s breakfast speaker series. My name is David Steele, I am the dean of the college of business and the Lucas graduate school of business. I think I qualify as a global leader since I spent about thirty-five years in the corporate sector and I lived in eight countries and I ended my career with Chevron corporation as president of Chevron Latin America based in Venezuela. So as a former global executive, I believe that I have a personal understanding of the challenges that we face as global leaders and because of the fact that this region in Silicon Valley depends so much on global commerce and because San Jose State University educates the vast majority of the business and engineering graduates which are employed in Silicon Valley. I believe that it is our responsibility to take global leadership very seriously. For these reasons, the sponsor of today’s event the global leadership advancement center or GLAC, which is a brand new entity within the college of business is an major part for the success, the long-term success of Silicon Valley. GLAC is the newest edition to other centers of excellence that we have. We have the Silicon Valley center of entrepreneurship, we have the area retail center and we have a proposed center for banking and financial services. As with other centers, GLAC will build a closer bridge between the college of business and the community and all of our external state holders.

Our choice of this rotunda in the beautiful building will hopefully symbolize the fact that we want to reach out to the partners in the community. We are very pleased to have the Mayor of the city with us, and I would like to introduce him and give you a little of his background, which I got from the website and I was intrigued by your background Mayor Reed. Chuck was born and raised in a small farm town of Garden City in Kansas. His family lived in a small the housing project teaching him from an early age the importance of government aid for working families. A strong work ethic was evident during childhood as he took jobs sweeping floors while still in elementary school. Chuck dug ditches, shoveled gravel, and worked in the fields before becoming a teenager and working part-time operating a bull dozer and driving an eighteen wheeler semi-truck while in high school.

Chuck left Kansas to attend the United States Air Force Academy and went on to serve in Thailand during the Vietnam War. He received a Master’s Degree in Public Affairs from Princeton University and also graduated from Stanford Law School. As the mayor of San Jose, Chuck is committed to improving the quality of life in the city, boosting the public’s trust in

local government, and fixing the city's structural budget deficit. Chuck and his wife, Paula have been married for over thirty-five years. Paula manages a medical clinic specializing in the care of cancer patients. They have two children, Kim and Alex, who both attended public schools in San Jose. Kim is a fighter pilot on the U.S. Air Force, obviously following the path of his father's footsteps, with more than one-hundred combat missions. Alex works in Washington D.C. to help prevent the spread of weapons of mass destruction. With that, I would like to introduce our mayor, Mayor Reed, thank you.

Good morning everyone, welcome to San Jose City Hall. Our official rotunda which we have for occasions like this and we are very happy to have San Jose State using the rotunda anytime you want, because we are very proud of our relationship with San Jose State. We're the tenth largest city in the country and we are proud to call ourselves the capital of Silicon Valley, innovation center of the world, but it's quite clear that we wouldn't be the innovation center of the world today if it wasn't for San Jose State and the engineering and business talent that come out of San Jose State University. I am often talking to CEO's of our Silicon Valley companies. A lot of times I will ask them how many San Jose State grads they have for them and in engineering departments, it's often the case that more San Jose State University grads work for them, than all of the other universities combined and that's not an unusual event in our engineering field and devour. So we love San Jose State, a great city and it needs a great university. San Jose State is our great university and we are happy to do everything we can to help San Jose State.

So I am happy to be here and I get to introduce Christopher DiGiorgio to you. He is going to speak on global leadership. Chris and I joined here and we started a joint venture in Silicon Valley. We are taking a look at what we can do to our local economy to ensure that we remain the capital and world center of innovation. We have a collaborative effort that reaches across all boundaries, government, business, non-profit, education, labor trying to get everybody around a very big table to collaborate about the future of our valley. In one of the interesting business models that I see as we look on our own future of the city of San Jose is that the business model in which companies start here and grow here one to one-hundred sized company is an area where we still have a competitive advantage, and those are companies that will start here and grow here using our brainpower but eventually, we'll be global in reach. We'll manufacture all over the world in many different places, and one of the assets that we have is the fact that people come to San Jose from all over the world and they bring with them those connections that make it possible for them to operate enterprises globally from here with the brainpower that we have, with the knowledge industry that we have it's difficult for us to compete in manufacturing.

For all the reasons that you've probably studied in class possibly one of those, but the knowledge industry is something that we have an advantage in and there is no person more knowledgeable about the knowledge industry than Christopher DiGiorgio. He's the managing director of Accenture California and that has twenty-five hundred people. Chris, that's all? Just twenty-five hundred people, that he has to somehow manage. He previously led the high-tech

practice on the west coast and he was the lead partner in transportation and travel services worldwide. He works out of the San Jose office a couple of blocks from here. He has had twenty right years with Accenture. His expertise is business and I.T. transformation at large complex global corporations. Just like those that you will all run someday. Just a question of when, right? Right, so he is going to tell you what you need to know about your future careers. It's interesting that after changes in high technology, transportation, semiconductors, finance accounting, logistics and leasing, is that all? Only thirty years, he's still working on another couple of areas in expertise. In addition of being co-chair of Silicon Valley and a member of the executive committee of the bay area counsel. He's also a board member of the bay area economic forum and the Tech Museum of Innovation, another institution we are very proud of here. He was honored as a distinguished alumni from California State University, where he earned a B.S. in Computer Science and B.S. in Business Administration. I'm going to let him tell you when it was a while ago, but he's been at Accenture for twenty-eight years, nearly thirty now, so it's been a while since he's been at a state university. But he's a great example to all of you of what you can accomplish with your careers and so we are very pleased to have him here kicking off the leadership speaker series. So Chris, come on up and give them the word.

All right well, wonderful introduction and as I was just thinking during hearing the introduction, it doesn't happen very often, but Chuck you're officially invited to Thanksgiving at my mother's house and you could introduce me there too, so that would be great. I don't get that kind of reception there and I certainly don't get this kind of attention there. Well thanks for getting up in the early morning and coming down to launch this great facility as well as to listen to the speakers this morning. So I am going to address a few things this morning about being a global company and talk about some things you should learn, but looking at the valley as Chuck said looking around this room. I'm wondering why I'm up here talking to you about being global. But there are some things we could learn, that I've learned over the years and we'll talk something about that and hopefully keep it a little bit light and then we'll have some time at the end to answer some questions.

So as Chuck said I've been with Accenture since 1981 which is the answer to the math question this early in the morning. I graduated from Cal State Chico way back when it was the great recession at the time until this one became the greater recession. It is still possible to get out there in the job world and do some things that are just difficult in the middle of the recession. Been with Accenture since then, always based in California, mostly in San Francisco and a couple of years ago we moved our offices down here in San Jose in what's called the old Knight Ridder building down the street. Spent a lot of time with a lot of clients, about fifty last time I counted. So over these years, some for multiple years, some for a few weeks at a time and that's the nature of the consulting business. Worked mostly here in the U.S. in the early days, but spent a lot of time working outside the country with some U.S. based companies as well as some international ones. So I have actually worked in fourteen countries including Europe, Asia, and even some in the Middle East, served a lot of the smaller companies, but also some of the bigger

ones about five years serving our clients at Hewlett Packard as well in our account, General Electric (G.E.), Capital, Boeing, APL and my most recent experience. I am still learning the registries. I'm the client lead for Levi Strauss. I'm even wearing Levis, to support the local team here. So done a lot of things and some of the experience I've gotten over there working with one big project where we implemented common business processes and systems across twenty-seven countries in one year. This is a client that was changing accounting methods from cash to accrual. As a public company, it's a public company and it can't take three years to do that. So we had to figure out a way to make this all happen within one accounting year so let me talk about that. Also, we are based in Belgium that helped a client do a cross between five different countries in common shared services, I.T. systems and business processes in five countries based on Belgium, Netherlands, Germany, France and the UK. So, couple of pretty big ones in addition to some other one-on-ones.

So a little bit about Accenture as you may know, we are in management technology, consulting technology and outsourcing. We help our clients become high performance businesses as the slogan says. We also serve most of the local government's, state governments around the world as well. We are focused on the largest most complicated clients. The tougher it is, the more we like to do it. So we serve almost the top of the hundred companies all over the world in most of the large countries. In fact, ninety-nine of our largest clients for five years in a row, eighty-seven out of one hundred have been for ten years. So we are in there for business partners with our clients for years at a time. What may be interesting is that we are an international company ourselves. Some of my students of the consulting industry might know that we were part of Arthur Anderson a long time ago, as you may know that name, but we split off of them in the late eighties and became Anderson consulting and Accenture now is our current name. What you may not know is anyone know where our corporate headquarters is? Bermuda, we were in Bermuda but we just moved to Ireland. So our global headquarters is in Ireland. So it's a new one for you. Evidently, Bermuda was not such a good choice, so we'll keep that in mind for the next time. But in reality, we've been an international headquartered company since the mid-seventies.

So as a global firm we are based out there. In fact about fifty percent of our revenue is in Europe alone and the U.S. is one of our second largest region. What's also interesting is that four of our five business unit leads are outside the U.S. So for our firm that grew up here for nearly eighty years based outside the U.S. Now four of our five U.S. leadership partners are all outside the U.S. and we are getting used to that kind of an operation, but that's the way the world is, in fact even the name Accenture came from an employee suggestion out of Sweden. We had to come up with a name the domain name was still available and that something positive in every country in the world and not be insulting their foreign languages. So a manager submitted it through an employee suggestion and there you go.

So, with that there are about a hundred and seventy thousand employees and about thirty thousand of those are in the U.S., forty-five thousand in India, fifteen thousand in the

Philippines, nine thousand in the UK, etcetera. So you can see we are pretty dispersed and that's enough of an advertisement here for that. So, with that why are we global and there's a short answer for that is because all of our clients are global these days and that's the nature of it where we grew up in regional practices that occasionally met once or twice a year or two to talk to each other. It's rare to find any clients that aren't on a global operation today. Even if they are all a U.S. entity, they've got offshore activities, they've got suppliers, they've got other relationships with these countries out there so we've had to do that. So we've developed over these years what we call a global operating model. We do not have PNL's by geography at all. So there's no U.S. PNL, there's no California PNL, etcetera we run it on a bit of a sales basis, but the control hard-line PNL's are buyer industry groups worldwide and I don't know of any other major corporation that runs that way. It has it's challenges but it also has us focused on our clients and what they do.

No, I'm not going to hold you liable for things that you didn't have anything to do with, but in the U.S. you have to hold all that in there, but in other countries, they adapt their style to say. In fact, I got so tough I told one of my Japanese clients they said I don't know why we even need a contract. I've got you're word in the organizations and we've been together for ten years. Why do we need this thirty page contract? And then we explain to them that we can't do business in the United States without that, that became a little more of an education, but just think about the cultural style that we've developed, the defensive model in the U.S. and that's not always the same in other countries. So let's do another example, another one is around working styles and how people get work done. So some of you may know that we run all of our global training for all the central folks out of the lovely metropolis of Saint Charles, Illinois right outside of Chicago. And we all get together there for training worldwide. So one of the exercises we do there, which is very interesting, is we do group teams by country, four or five people per team, or genders and then they have a thirty minute task.

The task is to build a Lego car, something complicated like thirty or forty pieces. But, they have a model so they can see it, and then they have thirty minutes to see it and build it. Except

evenings in the U.S. and then in other countries they tend to leave and go home and wait for family time. We have this issue when you are always on, we have the Blackberries going, the chat going all the time, we've got all these things going on typical U.S. twenty percent by twenty-four that's not necessarily the case in other countries. So how do you deal with communication availability or carrying on-call all the time.

The least of which a major issue these days is pay scale differences. It's not at all common to have global project teams that have a hundred people and have pay scales running from X to five X of that people doing the same job because of their home countries scales that's the relative scale index. So what do you think of working together? You have vastly different pay scales occurring. Same thing for vacations, we think the Europeans are nuts for taking all of August off and they think we're nuts for taking every other Friday off all the time. So we think they are not as productive and they think we are not as productive during the year. So, how do you run a global team when the folks are gone. I had a meeting with the CEO, Mark Hurd of HP in the middle of August and my European lead was on a boat and he wasn't going to change that for nothing. I said look this is the CEO of our client. He's a major deal, we just got back to meet the guy and he said sorry I'm on vacation. He's not even reachable to call him by phone. Versus the U.S. we are going all the time. So that's sort of the deal. Something I've learned working in Europe is not that we don't have national pride in the U.S. but national pride within regions can be pretty tricky to watch.

Evidently, this world cup and soccer is a big deal. I don't know, so we were in Europe in 1998 and it was during the world cup and so here we had this cross European team and they were playing each other in the game. So first off that whole day is gone and if the team lost the week is gone. Yeah, but also on a more serious note, we got a much better feel for historical regional conflicts. There are some long standing barriers out there you have to work your way through on how these teams cannot work together. So even though in the U.S. we are all fifty happy states in the Europe and in Asia these countries have some history that can sometimes come into play. Well the last part I hear and you hear this a lot, which is feedback and pushback from a team. So you can't run a project, you can't do a thing without a project worldwide without saying how we doing? W g1a thing 2c -0ffed2e -6 Tmu6ec 07t(m)s2y5Tw 12 0la57oc a projichs?0 Tc TTj0 lik0mTJ0B2 0T1y5

very easy to do that if you think that helps get things through. But we speak a common language now, English-based but also by the way we do our work and our terminology. We spend a lot of time doing these things, which are cultural awareness and even though some of these are light and stereotypical, I think it helps bring out the fact that you just gotta do things on your own. That helps we do a lot of training each year all of our executives have to be trained and recertified on international laws and policies both on business transactions as well as HR transactions. So that we are aware and certified each year. Interestingly enough we were the number three travelling company in the U.S., so that's sort of the badge of honor up there with IBM and GE and actually have been able to reduce our global our U.S. travel by twenty percent year over year by moving to tele-presence, extensive use of what would be the next generation of instant messenger probably, office communicator, which has built in webcams, desk sharing, phone calls, voice over I.P., etcetera.

That's really helped us to link together. That's helped us reduce our travel footprint but also an interesting thing we've done is with respect to working with teams you may never meet face-to-face, is that whenever you get an outlook note for a meeting you can click on this button and it goes to our internal Facebook or to our internal people page and it pulls up pictures and bio's person to person that's on this meeting today. So it is a voice to a phone and it gives a little background to what they are doing and that helps to make this more familiar versus some person in the background. So overall this helps us be - (0) Tw 14hg a 2ears bueting today.

brought the field of international customer relations and intercultural diversity management into focus which means that they are calling people from around the world and you're doing things much more interactively and over the challenges of over three quarters of all international acquisitions fail and that's largely due to cultural conflicts that come from that, so it's a very important topic both here and abroad and so many of you from these diverse backgrounds can

X'ers and the millennium crowd and that comes down into serious things of our HR policies as an example how much time off. Let me ask you a question from a couple of weeks ago to some of the old timers, is two weeks considered a long vacation? That's okay. How about three weeks? How about four weeks? So recently, we've seen an interest in people get four weeks vacation out of the year taking it all at once in the U.S. leaving the middle of the project. I would think it's called a leave of absence, but today we've had to adopt because people today don't want to take a week off here and there and a straight day which would have been my generation style now they want to take it all at once and backpack across Europe. So we've adapted to that. Yes? How do we balance between technical expertise versus cultural awareness? In some of it is that we try to look for similar characteristics in each of the locations we had. So if there is much technical variation skilled variations. So usually the way the global models work today, let's say a U.S. based company the headquarters would be here maybe the project leads would be here or among European or asian country. A lot of the development activities would occur in these other delivery centers and so there's only a few cultural implications that come into play in that area and they usually tie to how the client is operating, but part of our hiring process is to try and look for both skilled and technical people but also cultural thifts.

In fact we'll talk about hiring off of campus or off the streets. So to speak, the main interviewing process is the characteristics once you've passed sort of this technical hurdle into this kind of environment you kind of understand the styles. That's how we have everybody on the same playing field. We hired almost forty thousand people last year. So think about the logistics of that, are they in the developed countries, but they are in developed countries sort of helps us be good. Ok one more question, how do we encourage people to speak up and compromise sort of the American style of sort of putting everything on the table and airing it out versus their own cultures. That's a tough one and it still does occur. I would say the short answer is by using an objective measure than you don't have to ask how it's going. So we are pretty big on program management not just by milestone but by work task estimated work effort and so we use the technique which is more analytical than most instead of just being the he-man model which is what is going to take to get this done. If you've estimated the work steps in the amount of effort it takes time against that we call estimate to complete you know the math Microsoft project or whatever you are using points out this task is obviously behind and it's a subtler more independent way of saying I'm fall

and it's pretty high standard for low tolerance in corporate behavioral issues and that becomes sort of a corporate standard and that means a lot of business. We don't do that in certain countries and certain regions and that's the way it is, but we're not going to subject ourselves to that also everybody gets an annual certification in the processes that's about the best way to go. Yes? Yes for the decision to go to Ireland, two factors really we've moved to Bermuda, we were in Switzerland for mostly twenty years and in fact those of you of student of corporate governance, one I feel sorry for you but also we were a global cooperatives as a partnership based in Geneva. We were a public entity and we moved to someplace and we went to Bermuda. This was about a year before all the transfusions were all starting so ti

leadership literature. You can see it in this pyramid here and also in your pamphlet and this is what we teach. We teach it in our global leadership courses and we also teach it in our global leadership lab which we call the G.L. lab. As you can see we are concerned with global knowledge. We are also concerned with developing global mindsets in students and others who come to us and then we get into behavioral skills. You know, as Chris mentioned they select on, once the technical skills are set they know they have them then they look at behavioral skills. Well this is what we are focusing on too. We want to teach people to understand different communication styles, how to negotiate in different countries, how to lead multi-cultural teams, and then we focus on a lot of the system skills that are the top of that pyramid and a lot of those have to do with innovation and change and ethical decision making. So, this is what guides us in our training and development efforts in the center.

We are both a training and development center and research center because this is also a chance to also form a network. I want to have some people stand up as I discuss some of the programs that we are doing I know they are going to be embarrassed, but hey, I am up here you're not. So this would not have happened if we had we not had a team of people getting together. We have a G.L. lab team that has really been wonderful, are you here? Oh, come on, stand up. They will just take a second, there you go. Good job because the reason I'm doing this is because afterwards when you are allowed to talk to each other you are and because the reason I am doing this is because afterwards when you are allowed to talk to each other and walk around you'll have something to button hole them about, okay? So, they've been wonderful setting up our G.L. and our purpose there is to have an assessment center. So we can engage people's skills and attitudes in global leadership, train them and then test them behaviorally. We want them to have serious skills when they end and we hope that people will start hiring San Jose State students not only for all the good reasons that they hire them, but also because they have this global mindset with global skills. Another thing we are doing to encourage that is passport program we are about to roll out. Which is for students all across campus and they get kind of a virtual passport in the beginning. They do things related to our leadership model. They attend events like this they get stamps then when they have enough they get an actual passport to show to a prospective employer. So we hope to create more global mindset among students all across campus for that. Now for students who are serious and are for outstanding international business majors they can apply for a fellow program and we hope that businesses will partner with us so they can get mentoring and internship and we invited today our best international business students. I would like for them to stand up because they have been slogging away and are doing a wonderful job. Thank you we are very proud of them. You know, it's not easy to get excellent grades when so many students work and have other responsibilities but these students managed to pull it off, we are very proud of them. We also have some international business professors here and they had something to do with that you guys wanna stand up? Oh come on do it, just do it. We also have something like this and this is part of our knowledge creation dissemination programs and I thank you for coming we are delighted to see so many people. You always wonder when you think of something like this and this is part of our knowledge creation

dissemination programs and I thank you for coming we are delighted to see so many people you always wonder when you see something like this well they are letting everyone comment so of course are relieved on that. But I want to invite you to our next event which is on February 23rd we are having Joseph Stiglitz the famous economist who is an author he is a world expert on globalization he was a president's counsel economic advisor, he was the senior chief economist of World Bank so he is the most famous economist in the world. He tried to stave off the asian economic crises so he is a global leader. So I'm sure you'll enjoy hearing from him too. I want to talk about something else that we do which is related to these pictures over here our center has a grant to work on social innovation and we are halting the loss of skills

the path out of solving the sustainability problem all has to do with leadership and all these are political problems. These will not be solved unless people have global leadership. So, I invite you to partner up with us and see what kind of damage we can do together, thank you.