

HBR CASE STUDY AND COMMENTARY

Can Jianguo make
the transition?

Three commentators offer
expert advice.

From Regional Star to Global Leader

by Nitin Nohria

Yang Jianguo was promoted from country manager for China to global head of product development at a staid French perfume maker. How to shed some biases and win over his Western, tradition-bound colleagues—while still breathing new life into an aging product line?

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“Parisians may be famous for their food,” thought Yang Jianguo, as he picked at his rice, “but they should leave Peking duck to us.” To welcome him in his new position as senior vice president of global product development at Deronde International, the management team had convened at La Mer de Chine, a local favorite among foodies. The executives convivially traded opinions about which wine might pair best with the duck and the soft-shell crab.

Yang Jianguo—whose given name meant “build the country”—couldn’t help feeling a nationalistic pride in his promotion. He had been country manager for the fragrance maker’s China operations, having been promoted from his job running a lab that had produced two hit scents in the Asian market. Within 18 months, his Chinese subsidiary had become Deronde’s fastest-growing division among emerging markets. The company’s

CEO, Alain Deronde, had chosen Jianguo over three other rising stars, betting on his technical wizardry and, perhaps more important, his intimate knowledge of Asian markets. (See www.regionalstarprequel.hbr.org for details of the candidates’ strengths and weaknesses.)

Jianguo had no doubt that he would come up with winning ideas; he was less confident, however, that his tradition-bound colleagues would muster much enthusiasm for them. But Jianguo couldn’t pass up this chance: As yet, no global or local company had gained a dominant share of the Asian fragrance market, so the race was on. Jianguo was the first Chinese national chosen to head product development in the global cosmetics industry. He was determined to live up to the hype his appointment had generated in the Chinese newspapers.

The CEO’s voice disrupted Jianguo’s reverie. He looked up at Alain’s smiling face. “We’re

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all delighted to have you with us, and we can't wait to see where your ideas take us! I hope you and your family are enjoying the pleasures of Paris." Jianguo frowned slightly and said—a bit abruptly, it seemed to Alain—that they were doing fine, but he'd like to share some thoughts with the CEO before next week's executive committee meeting.

"*Bien sur*, I'll have Caroline set something up," said Alain, remembering a typical comment from Jianguo's 360 reviews: "He's a little hard to read. He holds his cards close to the vest." Before Jianguo had been chosen, Alain had tried to picture the scientist and his wife—what was her name?—sitting on the terrace at the Deronde country home, nibbling walnuts and foie gras. The image seemed even more improbable now.

Vive la Différence

The next day, Jianguo was in his corner office, feeling the pressure. After decades of double-digit growth, Deronde's market share was sliding. The loyal buyers of its signature scent, *Insouciance*, were getting older. Worse, across the board, Deronde's labels reflected the sensibilities of North America and Europe, where growth was stagnating. The company's best prospects were in emerging markets, yet consumers in China and many other Asian markets found Western scents unpleasantly strong. Sales were weak in Latin America as well. Deronde had opened a lab in São Paulo, but Brazilian consumers, despite their fast-growing economy, still favored mass brands.

Deronde was a family business with unmistakable pride in its French identity. *Insouciance's* bottle, with its multifaceted crystal stopper and elegant upward flare, had been designed to capture the spirit of Paris. Jianguo doubted that a bottle modeled after the Oriental Pearl Tower in Shanghai would hold much appeal for this crowd.

He looked up with some irritation as a sharp knock interrupted his thoughts. It was Yves Saurac, vice president for developed markets. Many of their colleagues had assumed that Yves would get the SVP job—even, until virtually the last minute, Alain. Yves was a self-assured, genial guy; loyal and efficient; a strong leader; and thoroughly French. He had whiled away his share of summer weekends at the Deronde country

home in Beynac—canoeing the Dordogne with Alain's daughter, Jasmine. The two other candidates for the job—Elise Bernier, the marketing VP for skin care, and Antoine Lambert, general manager of the company's spa products line—had also been invited to the family estate. Jianguo wondered if he'd ever make the guest list.

"I'm thinking we could add an Asian flavor to our ambient fragrances," began Yves, who had championed the development of Deronde's successful new line of air fresheners. "I'm thinking a red candle on a beautifully lacquered base painted with red Chinese designs. Call the line 'Chinoise.' Would your wife buy that?"

"That would depend on how it smells, but probably not," said Jianguo. "She doesn't care for air fresheners, and as you know, we haven't isolated scents that might be appealing in China. American women might find it exotic, but I don't really see Chinese women buying a French candle that's supposed to evoke their own culture. Would your wife buy a candle shaped like a Champagne bottle called 'France?'"

"I don't have a wife."

"Your sister, then."

"She might—it would depend on the scent. Point taken."

Jianguo raised an eyebrow at Yves, who sensed he was being dismissed and rose to leave. He was somewhat miffed that Jianguo had made no effort to solicit his ideas about Deronde's existing Western customers—still the majority of the market—or even to offer any ideas of his own.

"I really should call my niece," Jianguo thought as Yves closed the door behind him. Lin, a young business school graduate in a junior management position at a high-tech firm in Beijing, seemed fairly representative of Deronde's target market. Since Jianguo had been promoted, Lin had pressed her friends into experimenting with various Western scents, but few brands stood out. Jianguo checked his watch; Lin would probably be just getting home. He picked up the phone and started dialing.

When Jianguo asked her—in various ways—what she and her peers were looking for in a perfume, she answered "light and clean" again and again. As for Yves's idea: "Right, and then they're going to make a candle that smells

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like tandoori chicken, call it ‘Punjab,’ and try to sell it in India?” she asked with a sniff. “It’s insulting.”

The next week, the day before the executive committee meeting, Alain convened Jianguo and his erstwhile competitors at lunch for a preview of their new product ideas. Over the cheese course, the CEO quizzed Antoine about a cobranding opportunity—which could include moisturizer, sunscreen, and anti-aging treatments—with a well-regarded Parisian dermatologist.

“That’s reasonable, if not radical,” Jianguo chimed in. “But will anyone outside France know or care who this fellow is?” His colleagues stared at him blankly. As the conversation progressed, Jianguo learned that Alain was seeking to sign Catherine Deneuve as a spokesmodel to revive the sales of Insousiance and perhaps even extend the line to a perfume named after her.

“Deneuve,” Alain said. “An instant classic.”

Jianguo suppressed a sigh. Since his arrival he’d received endless suggestions from all corners, and the vast majority reflected French imagery. “Tuileries,” a lush line of green shower products. “Ravissant,” a foray into the cosmetics business: smoldering makeup that the company would introduce with a stealth campaign, an online soap opera starring two glamorous young models—European, of course. And now, Catherine Deneuve?

He took a deep breath and said, “I have some other ideas.” Jianguo started with what he suspected was his most palatable proposal: to create an appetite for ambient fragrances among Chinese youth. The new offerings would need to be subtle—light and floral. “I’ve found some chemical compounds that could help produce mild purifiers that mask pollutive odor,” he said. Jianguo also suggested a line of products to evoke the peony—a mainstay of the Beijing Botanical Gardens and a traditional symbol of prosperity in Japan. He explained that he was researching compounds that could dilute the flower’s scent to retain its essence without overwhelming the senses, given the novelty of fragrance in many parts of Asia.

“We can call it ‘Jardin!’” Yves said.

Jianguo shook his head. He was thinking along the lines of the Japanese transliteration of peony, “Botan.”

“Lovely,” said Antoine.

“Sounds like ‘Botox,’” said Yves. “How about ‘Fleur?’”

Elise, observing the exchange, noted Alain’s wary expression as Jianguo made his pitches. But she couldn’t tell if Jianguo had registered his boss’s unease.

Clash of Cultures

Early the next morning, Jianguo readied himself to face the entire executive committee for the first time since his promotion. In the hallway, he spotted Antoine, Alain, and Yves chatting quietly. They stopped when they saw him, but their faces gave away nothing as Jianguo headed into the conference room. Elise was already seated, along with a few others. She glanced up from her notes with a smile and said, “It’s kind of a closed club, isn’t it?” Nodding awkwardly, Jianguo took his place and went over his notes.

Fifteen minutes later, everyone was settled at the table. Alain delivered an elaborate welcome to Jianguo, citing his technical brilliance and reminding the team of the opportunities to be had in emerging markets. Although sales in China and other developing economies were but a tiny percentage of overall revenues, the prospects for growth were nothing short of glorious.

Alain exchanged a quick look with Yves. “We brought him in to help us sell into those markets, so let’s be open to new ideas.” With that, he turned the floor over to his new SVP of global product development.

Jianguo began with a quick review of the ideas he had pitched at lunch the day before and then launched into his proposal for a line of skin care products aimed at young men. He thought he had the perfect spokesman: Olympic hurdler Liu Xiang. Yes, he had dropped out due to an injury and had broken the hearts of more than a billion fans, but he was making a comeback. He would be a symbol of hope, of opportunity. The Chinese economy was exploding on the world stage, reaching heights his grandparents couldn’t have imagined, and Liu Xiang was proof that China could produce a track-and-field superstar.

“Will people know who he is?” Yves asked. “Outside China, I mean?” He looked around the room. “Yes, China matters, but let’s not forget that most of our customers aren’t in third world countries.”

Yves was miffed that Jianguo hadn’t tried to solicit his ideas about Deronde’s existing Western customers.

Jianguo moved on without comment. “Before we can even start talking about new products for these markets,” he said, “we have to make some acquisitions. Our Beijing and São Paulo labs aren’t adequately staffed. I’ve found a small lab in Brazil that’s working on chemical compounds to lengthen the life of a fragrance and a market research firm in Singapore that has done a lot of work on the male consumer.” He then asserted that Deronde needed to find a Brazilian footballer to represent the brand—actually, to find a sports hero in each emerging market. Indian cricket star Yuvraj Singh, for instance, and a Russian hockey star.

Elise pointed out that Brazil would be hosting the World Cup in 2014. Deronde could be a major sponsor, making a splash with the proposed line of men’s products.

“Aren’t we getting a little ahead of ourselves?” Yves said, looking at Alain, who nodded thoughtfully. “Let’s not stray too far from the core—at least for now. Maybe we need some new faces for our brands, but we don’t even know if there’s a market for Deronde among men.”

Jianguo stiffened. He was getting nowhere. The conversation turned to financials until Alain checked his watch and called the meeting to a premature close. He was off to Davos for a week and planned to tack on a few extra days for skiing. He thanked the team members for their ideas and asked that they take advantage of his absence to collaborate and come up with concrete plans for two or three product launches within the next 10 days. With that, he turned his attention to Antoine, who was eager to close the partnership with the dermatologist he’d been pursuing.

“I thought he had to leave,” Jianguo muttered to himself, as the meeting seemed to continue despite having been formally adjourned. After a few moments, Jianguo gathered his papers and walked out of the room. Nobody seemed to notice. “Why would Antoine take this issue to Alain, rather than to me?” Jianguo wondered. “Am I not responsible for new products worldwide?”

Yves watched Jianguo disappear and made eye contact with Antoine and Elise. They were competitors, but he’d known them for years and as a result, they also shared a degree of trust. Later, when the three of them had a moment to connect privately, Yves expressed earnest concern over the company’s future. “Jianguo’s been with us for three weeks,” he said. “I think I understand why he got the job, and I’m trying to be a good sport. I don’t think I’m being too traditional when I say we can’t give up on our base. Jianguo and I haven’t had a single conversation about Western markets. I’ve even tried to find ways to connect East and West. Every time, he changes the subject to one or another marginal market.”

Left Out

A week later, Jianguo remained frustrated and confused—and uninvolved in strategic decisions. In passing, he thought he’d heard words like “marginal” and “unsophisticated.” There’d even been rumors of a gathering in Beynac, but no invitation had come his way. On the other hand, he’d seen nothing but congenial smiles when he’d tried to promote his ideas.

Elise had told him in confidence that she loved his ideas but that he should consider the politics. “You have to compromise,” she’d said. “I’m on the outside, too. You have to deal on their terms because you can’t change them. Make nice.” Jianguo remained skeptical. He was trying as hard as he could. What would it take to get these people on board? Why had Alain chosen him if he didn’t want to listen to him?

Reflecting on his predicament, he wondered if it had been a mistake to take this job. Perhaps he’d been better off when he was running Deronde in China, free to do as he chose. Plenty of competitors would be glad to have him. He could probably make more money—and get the credibility he’d earned—somewhere else.

Can Jianguo make the transition? • Three commentators offer expert advice.

See [Case Commentary](#)

Case Commentary

by Katherine Tsang

Can Jianguo make the transition?

Yang Jianguo is part of a new generation of talented country and regional managers thrust onto the world stage by the global economy. For many managers with support infrastructure in, and intimate knowledge of, their local markets, making the transition to the global arena can be challenging. Differences in national and corporate cultures—even between country units of the same organization—can pose significant hurdles for executives living and working in a new environment.

Traditionally, Asian societies have functioned according to clearly defined social hierarchies of roles and responsibilities. In a Western business environment, Jianguo will improve his chances for success by learning to become comfortable in a flatter, more loosely defined management structure. There, discussion and collaboration between superiors and subordinates is not only common but encouraged.

As the country manager for Deronde's business in China, Jianguo—like many Asian executives—probably worked hard to avoid revealing any trace of weakness or incompetence to his subordinates. But by maintaining this facade now, he misses an opportunity to engage Yves Saurac and tap into his colleague's valuable knowledge and experience.

Jianguo needs to develop a new set of skills to adapt. Leaving the structured China subsidiary behind, he should look at Deronde as a family business, where the CEO has his hands in everything. Roles are blurred in ways unfamiliar to Jianguo, and he must examine the dynamics of his new environment to learn how to play the game according to French rules.

It's true that China is a fast-growing market, and Jianguo probably knows that market better than anyone else at Deronde. But he needs to understand that his job is no longer just about China. What works in China may not work in other emerging markets, let alone in the company's established home base.

Jianguo's welcome lunch at La Mer de Chine provides an interesting parallel to his situation in Paris. Although the restaurant has appealed to local palates to become a favorite among Parisians, Jianguo chooses to close himself off to the experience instead of relishing a novel French perspective on Chinese cuisine. Today's global executives learn the most and perform their best by accepting and absorbing what each culture has to offer.

As the world embraces the global economy, modern corporations need to create an atmosphere that fosters a multicultural work environment. It's not enough to simply put a group of managers from different countries into a room together and expect them to achieve results. Organizations must give their global managers the tools to understand one another and work together effectively.

Much of the growth at Standard Chartered today comes from our traditional markets across Asia, Africa, and the Middle East—with exceptional growth coming from both India and China. To help build closer ties between our Chinese and Indian teams, we've launched an exchange program where we send 10 Chinese managers to Mumbai and bring 10 Indian managers to Shanghai. By living and working together, our teams are breaking down barriers and finding common ground on which to build relationships.

Back to our friend Jianguo. Although he had a rocky start, I think he can turn the situation around. As long as he is able to open his mind to new ideas and perspectives, reorient his thinking beyond China to the global market, and learn how to effectively engage his colleagues in a multicultural environment, I think Jianguo can look forward to a successful and rewarding global career.

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Case Commentary

by Mansour Javidan

Can Jianguo make the transition?

I believe the only person who has to change his behavior is Jianguo. The transition would be easier if he had the CEO's active support. But since Alain Deronde is keeping his distance, he's not going to be much help. In fact, it looks like Alain is experiencing cognitive dissonance. He selected Jianguo for the job because he's decided that growth will come from emerging markets, but now he's questioning his choice. He simply can't picture Jianguo on his patio out in the country.

Nor can Jianguo expect much support from colleagues, who probably feel betrayed. Aside from their talents, their sameness is the very quality that has brought them great success. Now they feel penalized for it, and their egos are bruised. Yves, especially, feels like he's been publicly demoted. I wouldn't be surprised if he accepted an offer from a competitor; that's exactly what I would do in his shoes.

Jianguo comes from a radically different business culture. In China, if you have the title, you're the boss, and you make the decisions. You expect others to defer to you, not interfere with your job, which is how Jianguo perceives his colleagues' behavior.

What's more, our GLOBE (Global Leadership and Organizational Behavior Effectiveness) research has shown that Chinese managers tend to score high on the dimension that we call "humane orientation," loosely defined as placing a premium on mutual caring and respect. French managers, by contrast, score among the lowest in the world on that same dimension. These are generalizations, of course, but the discrepancy goes a long way toward explaining why tourists often describe the French as arrogant; it's simply a cultural difference.

So what should Jianguo do? First, he needs to relax, have a martini (or do whatever it is he does to put the stress of the day behind him), and stop getting emotional about his

peers. That attitude is not only unproductive but also a sign of immaturity in a global executive. He should be respectful, but his first priority is not his colleagues. He needs to quickly temper Alain's cognitive dissonance, before it gets too entrenched. He has to prove that he can produce results and behave like a global leader. He absolutely must avoid being seen as an advocate for China, yet so far, he's been acting as though he's still a country manager.

I would recommend that Jianguo get some face time with Alain as soon as he can. Together they should develop metrics for success in his new role—targets for growth in both emerging and traditional markets—and a plan for building an infrastructure to achieve his goals, which must include assembling a very smart and capable team to deliver on his strategy. They should ask, for instance, "If we are going to tweak French formulas to make them palatable in Brazil, who can help us do that? What resources do we need?" Jianguo's a doer, so he has a propensity to take care of everything himself. But, to borrow a metaphor from management thinker Jim Collins, he should be building a ticking clock rather than telling the time himself. He shouldn't be mired in the details of choosing the right cricket or hockey player in an ad campaign.

If Jianguo can deliver some quick wins and demonstrate his value, then the rest of the team at Deronde will come around. It's a simple choice, really. They can make themselves look bad by becoming his enemies, or they can make themselves look good by association with him.

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In China, if you have the title, you're the boss.... You expect others to defer to you, not interfere with your job.

Case Commentary

by James Champy

Can Jianguo make the transition?

In my experience, in a family-run business, loyalty and comfort trump other considerations. Look at Ford Motor: Young Bill Ford was not ready to run that business. The company has continued to lose market share, but the family seems to be comfortable with a trusted person at the helm. So I was surprised that Alain had chosen Jianguo. It would have been so much easier to choose Yves, whom he knows and trusts.

Yet Alain seems to have made a clever strategic choice. Presumably, he sees that in a recession, Deronde's prospects for growth lie primarily in emerging markets. Jianguo appears to be connected to the young Chinese consumer, and Alain evidently has the smarts to connect the dots. On the face of it, then, Jianguo was a reasonable choice, and I am prepared to believe that he can succeed. But he needs to recognize that he is largely on his own, because I don't see Alain building much of a foundation for Jianguo's success. It's not that Alain wishes him ill—he just doesn't relate well to Jianguo and his culture.

To succeed, Jianguo has to make some changes in his beliefs and behavior. He knows his science, but he's lacking something when it comes to relationships. Even his supposed strength—his knowledge of Asian markets and tastes—is questionable when it comes to market demand. He's basing his decisions on intuition and anecdotes—witness his call to his niece—rather than on hard data. That may have worked in his old job, but he's playing a much more strategic role now, and gut and intelligence alone won't suffice. With some patience and hard data, for example, he might have discovered that Japanese women pay a premium for Chanel—in its classic French bottle, with its strong scent and classically high price. European mystique sometimes makes a product attractive outside Europe. Jianguo

seems oblivious to this fact. He has probably spent a lot of time in the lab but very little out in the market.

As for behaviors, I suggest getting a coach to help Jianguo fit in. I would also recommend he initially spend the majority of his time in France. That might seem counterintuitive, given that his title is SVP of *global* product development, but Yves is right in one respect: Jianguo has to get to know the home market first. Only then can he begin to make effective inroads into new arenas. I'd have him spend enough time in Paris to be sure that he has a firm grip on the business base. It's even possible that relationships with other company executives might improve. No one, especially an executive, is ever completely ready for the next job, but Jianguo can learn as he goes.

Deronde International needs to adjust as well. If the company is serious about making a global move, Alain should take his whole team through some sort of cultural appreciation and immersion process. Culture begins at the top, and in this company the executives seem comfortable stereotyping anybody who doesn't look and speak the way they do. It's no surprise that Alain's direct reports aren't comfortable with Jianguo. I'm not entirely optimistic about Deronde's chances for transformation, however. Company cultures and behaviors don't budge easily—especially if the CEO has more of an appetite for foie gras than for change.

James Champy is the chairman of consulting for Perot Systems and a coauthor of *Reengineering the Corporation* (Harper, 1993). His most recent book is *Outsmart!* (FT Press, 2008).

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