Globally integrated enterprise

Introduction
A company that fashions its strategy, management and operations in pursuit of a new organizing principle: integrating production, locating operations and pursuing opportunities in a globally optimal manner.¹

Over the past two decades, globalization has increased dramatically. Technological advances make it easier to interact despite differences in geography, time zone, language and currency, ushering the business world into an era of global integration, a profound historic shift in the competitive landscape.

A globally integrated enterprise (GIE) makes the most of these new realities by choosing where and how work is performed to increase its value to customers, employees and business partners. This integration enables the GIE to navigate fluidly and manage operations and resources, regardless of whether they reside inside or outside of the organization. The GIE collaborates across geographic boundaries, putting skills to work in the right place at the right cost. Above all, a GIE can be nimble, able to enter new markets quickly and seize growth opportunities as they emerge.

Becoming a globally integrated enterprise is not only relevant to multinationals. The approach applies to any organization that wants to improve efficiency and effectiveness by integrating to drive new growth.

¹ Adapted from a speech by former IBM Chief Executive Officer Sam Palmisano.
Step one
Create a movement.

Successful business transformation demands that business leaders be actively engaged in the process from the beginning. Key individuals must buy in to the process of transformation and come together around a common set of beliefs so that the organization can focus on high-growth customer segments and new markets.

Step two
Build an integrated global governance model for continuous improvement.

In any size organization, driving meaningful initiatives can be difficult because people become invested in maintaining their particular segment of the organization rather than considering the company as a whole.

A strong governance model is essential to build a robust infrastructure that drives simplification and standardization. Ongoing change management is essential to ensure consistent commitment to the business transformation. Consolidate by function, reset ownership under global leaders, enable global delivery with centers of expertise and gain economies of scale. Business transformation and IT should be closely aligned. Don’t automate a mess – fix processes first, then apply IT.
**Step three**

Pursue growth (as well as productivity).

Building a global infrastructure has benefits beyond productivity. It can also serve as a foundation for growth because it provides a ready-made infrastructure with experienced global teams. These teams have can set up operations, hire employees and serve clients wherever the organization sees the next big opportunity.

This integrated operating model serves as a launching pad for new ways of doing things, and provides a trajectory for global growth. Pursing growth as a GIE means eliminating redundancies, reducing cycle times and removing complexities to support efficient global operations and seize new markets.

Growth initiatives should be partially self-funded, with savings from productivity re-invested in growth programs to encourage continuous transformation. At IBM, for example, more than 60 percent of the savings from productivity were re-invested in growth initiatives, with about 40 percent of savings going to bottom-line financials.
Step four
Apply technology for smarter transformation.

A global organization produces a staggering quantity of data. The challenge is to turn that raw information into insights that are clear and can be used to take specific actions. Technology is at the core of the ongoing transformation in enterprise structure, enabling far more automation and collaboration within and across organizations. Data-driven insights should improve business performance, infuse speed and flexibility into the organization, and anticipate and capitalize on dynamic market trends to target growth opportunities.

Unlike the traditional multinational cooperation, the GlE tends to anticipate rather than react. CFOs act as chief future officers – they help the organization model possibilities for better decisions and pilot projects. For instance, a true CFO of the future might embrace social technology along with the need for global collaboration. The CFO’s role as strategic advisor then becomes broader and more important than ever.

Step five
Master change.

Evolving and making changes when needed to seize the greatest advantage. CFOs must recognize that it takes a new kind of leadership to manage a successful transformation in a 21st century global enterprise and continually assess new areas of business model innovation.

Ensure your leadership team has the skills required to master change, including a strong knowledge of (and appreciation for) systems and patterns, an ability to handle uncertainty with optimism, a greater openness to cultural differences among employees and customers – along with a spirit of restless re-invention. These skills are crucial for the organization to combine global efficiencies with changing market needs, the hallmarks of a GlE.