

6. What U.S. Executives Can Learn from Swiss Top Managers and Vice Versa

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It is no secret that Switzerland is a very appealing place to live, raise your children and work. The salaries are excellent, the working conditions are exceptional, the Swiss economy is stable, the unemployment rate is one of the lowest in the world and few could disagree with the high quality of living.

The enormous draw seems to be especially prevalent at the top of the corporate world, as the list of foreign Chairmen, Chief Executive Officers and Chief Financial Officers formerly or currently at the helm of Swiss companies is extensive. Globalization has left a distinct mark in the upper echelons of the Swiss economy, as the presence of top managers possessing foreign passports continues to rise. Ten years ago, the share of foreign executive board members was around 36 percent, but that number has steadily increased and now stands above 45 percent.

Managers born in the United States play an especially significant role within the Swiss economy and constitute about one third of the foreign top managers. This trend is particularly true for the Swiss Market Index (SMI) companies. As an executive search firm, we at Dr. Bjørn Johansson Associates have had the fortune to facilitate the hiring of numerous US-born and educated top executives for various SMI companies. Today, Joe Jimenez at Novartis, Eric Olson at LafargeHolcim and Jeremy Thigpen at Transocean are only a few examples of top-executives from the other side of the pond who are currently in charge of leading Swiss companies. At Novartis for example, five of the ten members of the Executive Committee are US-citizens. And English has long replaced German, French or Italian as the official language at most companies.

There are numerous reasons for this trend. First of all, Switzerland is home to a host of multinational companies, but can only provide a limited talent pool to fill all senior management positions. Secondly, Switzerland itself constitutes an important market for many foreign companies. And thirdly, American executives have proven in the past to be very well suited to be successful in Switzerland. The close business ties between the two nations has further accelerated the cross-cultural exchange. In the last 20 years, Swiss exports to the US have more than tripled. This is a growth rate that is three times faster than the exports to Germany, Switzerland's largest export market. Today, the trade surplus with the US represents more than 50 percent of the total Swiss trade surplus. According to the Swiss-American Chamber of Commerce, this impressive record is underscored by significant direct investments between both countries. US companies are by far the most important foreign direct investors in Switzerland and represent a key input into the Swiss knowledge-based economy. Companies like Amgen, Disney Laboratories, Dow Chemical, DuPont, Ecolab, Google, Medtronic, Procter & Gamble and others are representative of US involvement in Switzerland. Likewise, combined Swiss companies comprise the 6th largest foreign direct investor group in the US, gaining improved access to the world's largest market and being exposed to leading edge research, development and innovation. Many questions arise because of the close ties between our two nations in terms of investment and the exchange of goods and services. Has there also been a viable exchange of management styles and ideas? Has the adaption of the

American way of doing business and managing companies been a one-way road? Or are there any particular strengths and virtues on the management level that are worth examining and adapting by the other side?

I have no doubt that Swiss companies have the highest regard for executives from across the Atlantic. The appeal of US-trained business talent is obvious. For a century or more, the US has led the way in banking and finance, high-tech, computing and pharmaceuticals. US-business methodologies have led growth and innovation in a way rarely seen in the history of the world.

A good understanding of how things work in the States is essential for anyone who works internationally. I learned this at an early stage in my career when I first completed my post graduate studies at Harvard Business School and the University of California, Berkeley, and subsequently worked for 13 years for US companies in fast moving consumer goods and executive search. More than any other industrialized country, the US has adopted what could be labeled as a "scientific" approach to business. That is, every aspect of commercial life is quantified and analyzed. Most new management theories and doctrines have had their origins in the US business world. The constant search for improved, more effective methods has led to a business environment typified by the presence of change. The CEO of an American company holds great sway within the organization. Senior management personality is more embedded and exhibited at the top than in other countries. Although there is a Board of Directors, it generally has little, if any, input on the day-to-day running of the company. This power is left very much in the hands of the CEO who stands or falls on his or her results. This approach can bring great success, but also spectacular failure.

In comparison, the Swiss approach to business can be classified as orderly and thoughtful where pre-planning and risk-aversion are paramount. While rapid strategy adaption is highly prized in the American business culture, it would be viewed as haphazard and as showing a lack of control in Switzerland. Being pragmatic and unpretentious are widely respected virtues in Switzerland and these characteristics are expected from company managers as well. Accordingly, Swiss managers tend to be fairly low-key in their approach to most issues and will generally not display any of the brashness and exuberance sometimes associated with the leaders from US companies.

In the Swiss corporate culture, it is important to be reserved, objective and level headed. At the senior level, decisions are made following a collegiate model, where decisions evolve amid peers over a longer period of time, rather than emanating from one, dynamic, charismatic "mover and shaker". This can obviously lead to the decision-making process being somewhat protracted. But, without the necessary degree of peer level agreement, it is difficult to implement policies. This non-confrontational, collective approach at senior management level is reflected in the desire to seek agreement and "buy-in" by all personnel, further down the corporate line. It is an important tenet in Switzerland corporate life for the bulk of the people to feel involved in the total process.

Because I have spent a good part of my professional career in both the US and Europe, I am often questioned as to which management system is better. Quite frankly, I am reluctant to say which particular approach is better suited to be successful and create sustainable and profitable results in the 21st century. I certainly feel that the more aggressive, vigorous “not taking any prisoner” style of American management does not only work well in the US, but on the “old continent” as well. However, many times one gets the sense that, at least on this side of the Atlantic, results could have been achieved with less collateral damage. The vastly different cultural, religious and ethnic beliefs in Europe require a more moderate approach resulting in fewer casualties. Many times, European managers will use their greater emotional and social intelligence and awareness to their advantage compared to their American peers.

However, another viewpoint is that the stigma of failure is probably one of the greatest factors behind the European lag in innovation and entrepreneurial spirit in general. It is a clear cultural aspect that in Europe, failure is looked upon with great disdain, whereas in the US, the attitude is that “anyone who doesn’t make mistakes isn’t trying hard enough”. Many Americans definitely have the courage to extend themselves beyond their comfort zones and are not afraid to learn from failure. In addition, the competitive edge and sense of urgency needed to survive in a highly combative playing field such as US business is beyond comparison, driving American managers to score big.

However, the Europeans probably have an edge in the area of a good work-life balance. This balance leads to the healthiness and stability required to utilize the mental and social balance to make sound business and life decisions. Most Swiss senior executives enjoy five to six weeks of vacation per year while their American counterparts rarely allow themselves more than two or three weeks. As a result, European executives just seem to be less stressed and at peace with themselves, which in turn should lead to better overall decision making.

The overall dominance of the American management style, the importance of its business schools and strong leadership philosophy during the last few decades might suggest that the battle has long been decided in favor of a more brash, direct and unapologetic American approach. But, I certainly believe that the particular set of talents that Swiss executives exhibit might actually increase in value in a more diverse, more unpredictable global business environment of the future. The fact that with Christophe Beck at Ecolab Inc. and Heinz Haller at The Dow Chemical Company, two Swiss natives are currently at the helm of US companies and have proven to be very successful, might give a hint as to what may come in the future. The Swiss management model is based on the attitude of Swiss citizens being very pragmatic and realistic in their approach to life in general and the direct democracy that allows them to consider the interests of all population groups. The unique experience of the prosperity enjoyed by our small country might justify a closer look at its specific management philosophy in today’s complicated world of global transformations.

Ultimately, in my opinion, the key to success might not lay in an “either-or” choice between the two different management styles, but rather a blend that brings together the best of both worlds. The biggest complaint I hear about American managers is that they lack personal concern for their workers, and only care about a completed satisfactory job, but not about any individual efforts required to accomplish the task.

During my first professional years in the US, my initial philosophy was reflected in the conviction that “I’m not here to make friends, I’m here to work.” My place of employment was not where I sought personal affirmation or the only sense of

accomplishment in my life. However, now that I have had the opportunity to run my own company for more than 23 years and manage various global teams, I realize that any one-sided management style is definitely outdated.

Today, diversity and globalization affect every workplace. Because of these factors, I find it necessary to encourage the rise of truly global managers. Global has less to do with location and more to do with a mental orientation. It is now time to take lessons from various and diverse international management styles and incorporate them into a new, successful blend of global leadership which can introduce a totally new class of global executives.

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