Evaluation and the Financial Value of Leadership
CCL, Deloitte, Philips, Wharton and the Question of ROI
There is an interesting phenomenon taking place in the area of leadership development. In the fast growing Asian economies organizations are challenged to find capable talent to manage their rapidly expanding business needs and are valuing ever more highly the 'repats', young professionals who have exposure to western business education and work experience and return to their home countries. Meanwhile western businesses are fighting to retain their senior professionals, keep them from burning out, and losing sight of the bigger picture, by trying to create more space for them to think and be reflective on issues – and in many cases they are turning to processes that would seem more in tune with traditional eastern methodologies than western ones.

Looking for the balance between developing a set of efficient and productive skills while at the same time being able to think clearly, innovatively and reflectively is a relatively new goal for leadership behaviour experts – and one that is not yet widely achieved.

Arguably the rhythmic, reflective existence reaches its ultimate attainment in a nomadic lifestyle, and there are few better examples of that harsh existence than the nomads of Mongolia, and this provides an intriguing backdrop to a new executive education centre being created in the country, where the Center for Executive Education has recently opened its doors, initiated by a Mongolian repat and supported by the UC Berkeley Haas School of Business.

Mongolia is still the least densely populated country in the world with only 3.13 million inhabitants spread over 1.5 million sq kms (over double the size of France, which has nearly 65 million inhabitants) it is seeing a rapid growth fuelled by mineral mining wealth, representing 21% of GDP and over 80% of exports for the country. Ulaanbaatar, the capital, has seen a huge rise in the numbers of people living there, it now holds around one third of the country’s population. This rapid development brought with it a set of challenges for Mongolian companies; primarily, the competition for able leaders with adequate understanding of international business, business processes and business opportunities.

One of the early leaders and fastest growing businesses in Mongolia is Newcom Group. Founded in 1993 as a provider of mobile telephony services it now operates Mobicom, Mongolia’s largest mobile firm and has since seized opportunities by offering a range of diversified services; Eznis Airways, the country’s leading domestic airline; Newcom Property, the real estate and property management firm; The Clean Energy company, that started out monitoring air flow for future wind turbine generation and is now building Mongolia’s first wind farm and Newcom Mining Services, a supplier of heavy equipment to the burgeoning Mongolian mining sector.

This rapid growth has, as it always does, caused the company difficulty in finding suitable managerial talent to enable efficient expansion to occur across a diverse range of sectors. In 2010, when Munkhsukh Sukhbaatar joined the company as Managing Director of
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Newcom Group, he brought a wealth of international fund-raising experience – along with an MBA from Berkeley. He realised that for the company to achieve its objectives it would be necessary to develop talent internally as well as seek it externally. With this outcome in mind, and aware that he still drew on the skills learnt from his MBA, Munkhsukh reached out to his alma mater, UC Berkeley and arranged to have them deliver a series of executive training workshops in Ulaanbaatar.

Like many such initiatives there was already some movement in this direction underway, both externally and internally, to give it some structure and momentum. Mongolia had mirrored the USSR, its northern communist neighbour, politically since the 1924, and as in Russia there had been an opening up of democracy in 1990 leading to a new constitution and elections in 1992. This change had seen the expansion of existing universities, such as the National University of Mongolia and the Institute of Finance and Economics, and new entrants like the Mongolian Business Institute in 1991 and the
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Mongolian International University established in 2002. However, all these institutions focused either exclusively or primarily on undergraduate degrees – but there was still no world-class development provision for executives in the country.

Professor Paul Tiffany from Berkeley came to Ulaanbaatar in early summer 2011 to run the successful inaugural Corporate Strategy program. As of that August several workshops were developed and offered. Whitney Hischier, the Assistant Dean at the Center for Executive Education at Berkeley, was keen to develop the project, which she recalls as being “an interesting opportunity more than a commercial one”. Hischier observed that Mongolia was in the midst of a mining boom, with some of the largest global corporations in the world establishing businesses there, and requiring internationally capable leaders and managers. According to Hischier “the country has little physical infrastructure but needed a lot of logistical execution to develop their projects. Rio Tinto was committed to having 95% local employment at its Oyu Tolgoi [copper and gold] mine in the South Gobi Desert, some 860 kms south of the capital. And we were interested in being involved with the project”.

The advantage of working in emerging economies with entrepreneurial organizations such as Newcom is that progress can be achieved relatively quickly. Others associated with Newcom were concomitantly laying the groundwork to create an America-Mongolia University; thus, the establishment of a new Center for Executive Education was seen as a natural starting point for this new academic venture.
Munkhjargal Davaa, a Mongolian national who had extensive experience of foreign work practices having lived in Australia for many years, was appointed Manager of Program Development for the nascent America-Mongolia University's Center for Executive Education (CEE) and she created the first series of programs in association with Hischier and her team at Berkeley.

Seven programs were organized in 2011, on management topics ranging from new manager development and raising finance, to strategy and project management. Hischier and her team at Berkeley were determined that the Center for Executive Education in Ulaanbaatar did not become a purely Haas/Berkeley taught operation. “It was important that there was a broad input of expertise” says Paul Tiffany, one of the Berkeley faculty, who led the strategy program. To ensure this, high quality faculty were sought who could bring both educational expertise, at the appropriate level, and also suitable credibility to enhance the value of the program. One of the early collaborators on the program was McKinsey & Co, a consulting firm connected with UC Berkeley’s CEE. One of the early collaborators was Rajiv Ball, a Partner at McKinsey & Co, who is responsible for the leadership development of McKinsey’s Partners globally and had good connections with Berkeley’s CEE. He joined Hischier in delivering the New Managers program in November, 2011. Ball, who has taught extensively in several countries around the world, was positively surprised by the appetite for executive education in Mongolia. “I’ve rarely seen such eagerness, hunger and capacity to learn as in Mongolia,” said Ball from his office in Amsterdam, overlooking the Amstel River.

Paul Tiffany believes that the Center for Executive Education is a real force for good in the country. “Mongolia, like many emerging economies that are transitioning very fast to developed status on the back of a sudden rush of huge, natural resource wealth, has a major choice to make. Does it use its new found wealth to develop like a Nigeria or a Norway? The commitment and determination of the Newcom management to invest in education for its managers is a very good indicator that the country, led by its energetic entrepreneurial business leaders, is heading in the right direction.”

However concerns for the commercial future of the Center for Executive Education still exist. The Newcom management understood from the beginning that even with input from overseas partners such as Rio Tinto, the internal demand for this level of executive education would be small. Munkhjargal Davaa, more often known as ‘Muggie’, explained
that it was for this reason that Newcom designed the CEE as a revenue-earning institute that would offer its services to the entire Mongolian business community. Participants have included other fast growing Mongolian businesses, such as MCS, another mining led conglomerate; Petrovis, Mongolia’s oil company and Exxon’s distributor in the country; and some Mongolian banks.

Muggie sees some “clear blue water” for the CEE as “it is the only player in town” that offers this level of executive development – and the economy is hungry for this level of management knowledge and experience. “There is a lot more opportunity in Mongolia now” she says, “and we are targeting the chief officers, and senior managers. Most have been to foreign universities, so they have good English language competency, however there is pressure on them to speak proper ‘business language’ too. Typically they are 30-50 years olds and many will have returned to Mongolia from well-paid jobs overseas.” She is clear that the CEE offers great advantages to these senior participants, as well as the current swathe of local high-potential managers. “Our programs are Mongolian-ized in terms of emphasis and direction – and increasingly some specific case studies are written too, but otherwise offer the same content as would be found in the best programs abroad”. For this reason they are priced similarly to programs in the US or Europe, at $2500-$3000 for a two-day workshop. Like all open enrolment programs they also bring together a diverse range of people and experiences. PricewaterhouseCoopers enrolled their Mongolian high-potential managers last summer and with some foreign managers now attending too from the likes of Rio Tinto, the CEE also offers an opportunity for intensive networking among the top management of Mongolian businesses.

Newcom is now investing in a new facility for the CEE in downtown Ulaanbaatar from which 12 programs will be offered in 2012 alone. Muggie expects that, cumulatively, over 500 executives will participate in the CEE programs this year. Paul Tiffany, the Berkeley strategy professor, has concerns that the Mongolian population, being slightly smaller than that of Los Angeles but with a GDP only 1/100th the size, will pose a problem for the CEE “but they have a lot of partnering firms and getting them to join the programs will serve them very well”.

It is a testament to the determination of Mongolia’s business leaders to build a sustainably robust economy that they are participating in such an endeavour as the Center for Executive Education, in a collaborative and broad manner across the business community. If it successfully achieves its objectives to improve the managerial functional skills and expertise in the country – it may find itself exporting some more ancient Mongolian approaches to balancing life and work back to the west before long.
Despite much discussion about the need for leadership development in corporate and public organizations, and the considerable industry that surrounds it, this is the first authoritative periodical focused entirely on this area.

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