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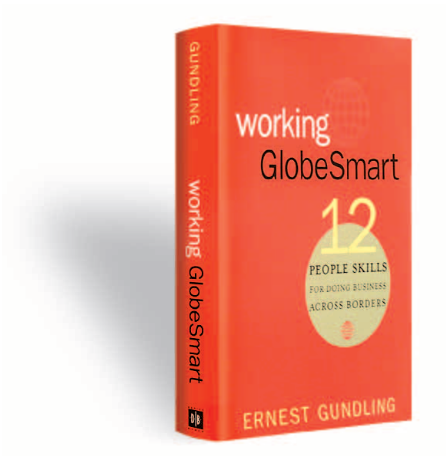


By Ernest Gundling

## 12 People Skills for Doing Business Across Borders

# WORKING GLOBESMART

### THE SUMMARY IN BRIEF

*Global business is increasing dramatically and along with it, the cross-border friction that emerges when there are misunderstood or ignored cultural differences. Though every destination provides new hazards for mistakes, the challenges you will encounter are relatively predictable and easily anticipated.*

*The single greatest cause of difficulties in global business transactions is lack of appropriate people skills for relating to counterparts from other countries and cultures. In* Working GlobeSmart, *Ernest Gundling, an expert in strategic global approaches to leadership development, organizational change and innovation, outlines the 12 fundamental skills managers need if they intend to move across borders and succeed. Not simply a list of culturally specific customs and behaviors, this summary presents a general set of behaviors spanning interpersonal, group and organizational skills.*

*Managers, especially American managers, who can understand why these skills are important and incorporate them into their business dealings — whether in South America, Europe, or Asia — will find that partners across the globe are more likely to respond and work together to achieve mutually beneficial results.*

## CONTENTS



## What You'll Learn In This Summary

✓ Why people skills are the most frequently overlooked issue in cross-border business.

✓ How to interact with people from cultures that are more relationship-oriented, indirect, or hierarchical than the culture in the United States.

✓ How to listen to, look for, and understand what is not being said.

✓ How assumptions about the supremacy or "correctness" of our own culture holds us back.

✓ How to interact one-on-one with foreign partners as well as in team and group environments.

✓ How to implement your global strategy and vision on the ground, where it truly matters.

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# WORKING GLOBESMART

**by Ernest Gundling**

**— THE *COMPLETE* SUMMARY**

## Global People Skills

Managers frequently underestimate the importance of global people skills to business. The model in this book includes 12 competencies that include interpersonal, group, and organizational skills. They must be well integrated throughout your organizational culture because the value of your products, either at home or abroad, will decrease without the people skills to back them up.

Failures in global business are more insidious than acute. They seem small, but as they build up, they become lethal. Expecting others to speak one's own language; assuming everyone is eager to adopt your ways; and not taking the time to establish effective relationships abroad can all undercut plans that have been carefully strategized at home.

Generalizations about a national culture can be helpful in anticipating how people will act in unfamiliar settings, but it is improper to apply stereotypes to an entire nationality that is most likely as varied culturally and ethnically as your own. By inquiring about another culture, identifying its contribution, learning its core values and attendant behavior, and understanding the gaps between you and the average profile of the other culture, you can predict areas of potential conflict both with business partners and your own personal limits. ■

## Interpersonal Skills

Global skills are built on a foundation of strong personal relationships, but these relationships can take time and have many facets. Establishing credibility, handling feedback, obtaining information, and evaluating people are all critical interpersonal skills that international managers must develop when they work in another culture.

### *#1 Establishing Credibility*

Experienced managers tend to take their own credibility for granted in the United States and they are more eager to get down to business. In other cultures there are vastly different codes for establishing the value of new clients and partners. They may find you boastful or arrogant as you rattle off your accomplishments. Instead, take local perspectives into account. In hierarchical cultures like Taiwan, Singapore and Malaysia modesty in top leaders is interpreted as confidence and sophistication. There is no need to blow your own horn because others will do it for you. It is more appropriate to demonstrate that you are receptive and aware of the appropriate behavior.

### *#2 Giving and Receiving Feedback*

Giving feedback can be a great source of misunderstanding among different cultures. Those that favor direct and verbal forms of communication may misinterpret or miss entirely more inexplicit and nonverbal forms of feedback. Meanwhile very direct messages can easily cause unintended offense.

In parts of Europe and the United States, feedback is usually verbal, immediate and directed at a particular person. Consider different types of feedback when working abroad, such as nonverbal feedback, periodic feedback, feedback given in a different place, or offered to a group even if the target is a particular individual. By being aware of different styles, you can give feedback in a culturally appropriate manner and recognize it when you are on the receiving end.

Here are three ways to give indirect feedback:

**Maintain frequent informal communication** — It is easier to interject criticism in the ebb and flow of conversation instead of pointing out specific "areas for improvement."

**Ask third parties to convey information** — A trusted third party can open up a mutually acceptable solution that would have been impossible if both parties had

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## Interpersonal Skills

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burned bridges through more direct forms of feedback.

**Anticipate problem areas and provide specific models** — "Feedforward" by anticipating how local employees may make mistakes for which you will criticize them, and walk them through the process.

### *#3 Obtaining Information*

Though gaining information can help managers understand organizational capabilities, project management issues, or market opportunities, its most important goal is to understand what employees have to contribute. Often issues such as status, motivation and previous experience with the United States or Americans colors whether or not an employee is willing to share information.

For instance in India, where people are taught to respect persons of age and authority and to keep a polite distance between people on different organizational levels, it is often difficult for subordinates to know how to bridge a status gap. If a U.S. manager asks an Indian subordinate for opinions or critiques on a specific project during a meeting or conference call that includes clients, it will be difficult for the subordinate to disagree with a superior in such a public forum.

Problems sharing information directly are more pronounced in hierarchical, group-oriented cultures where long-term relationships are a key asset. Putting your relationship with a senior member of the hierarchy in jeopardy can be too much of a risk.

Other obstacles to obtaining information that Americans may not consider are legacies of repressive political regimes that make people cautious about sharing information; an active mafia that preys on a country's business enterprises; equating subjective perceptions with objective "facts" when making decisions; or even poorly collected and organized information that is difficult to access.

Recommendations for obtaining information:

- **Ask via a third party**
- **Change the setting**
- **Explain background and context**
- **Show genuine interest**
- **Show precedent**
- **Probe politely but persistently**
- **Rephrase the request**
- **Clarify and confirm**

### *#4 Evaluating People*

Navigating the pitfalls of evaluation in other parts of the organization without offending employees and causing significant rifts requires tact and understanding.

## The Speech

A U.S. executive newly assigned to an Asian-Pacific sales operation made this speech based on his individualistic, direct, and task-focused background:

*I'm very pleased to work with you in our Asian organization. I've worked with Asian companies before, and it is exciting to be part of the sales force with you. While I was director of Sales for the Western region in the U.S., we made a strong contribution to earnings. We now have a great opportunity to build a strong and profitable business together in Asia that will yield outstanding returns for the parent company and our shareholders. My wife and I look forward to living out here and getting to know you better.*

The audience may be thinking the following things:

"He sounds very proud of his accomplishments."

"He doesn't seem to recognize all of the efforts we have been making here."

"Why is he talking about profit on a formal occasion like this?"

"He makes it sound like we are only concerned about stockholders."

"Does he think that Asia is one place?"

"Why did he mention his wife?

A more appropriate speech, playing to the audience's preferences for a team-based, indirect and relationship-oriented approach might have been:

*It's a pleasure to meet with you today and have the chance to work together with you over the next several years. As you all know so well, this is an exciting and competitive part of the world, and we have many opportunities to become an even more vital contributor to our worldwide organization. There is much that I need to learn about doing business here and about each country and culture in the region. I look forward to getting to know each of you and the people in your sales organization much better.*

Managers who do not speak the host-country language are vulnerable to receiving limited or distorted information about individual performance from people in key roles. When managers introduce the concept of accountability but still do not realize the unexpected effects of market circumstances, poor business results can be attributed to the wrong causes. Employees may feel divided motivation between evaluation criteria set by the foreign manager and that set by local managers. In addition, junior employees at immature subsidiary organiza-

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## An Incorrect Evaluation

Ernest Gundling describes an incident that occurred a number of years ago when an Indian scientist joined his work group. Gundling was uncomfortable with the scientist from the start. The scientist wore expensive clothes and kept his carefully oiled hair tidy; Gundling preferred a natural look. The scientist was talkative and gregarious and would debate at great length on all topics; Gundling stayed quiet unless he had something important to say. The scientist spent hours in the cafeteria talking to acquaintances; Gundling spent his time in his cubicle working on his action items.

Eventually Gundling told an American colleague that he didn't feel the Indian scientist was adding value to the group. The American colleague told him he was wrong. The Indian scientist had made important contributions in generating new ideas and building support in the organization for the next implementation steps. The Indian scientist himself heard about Gundling's remarks, and told the author that there were many ways of getting things done. "I was embarrassed both for evaluating him incorrectly and for passing on that mistaken view without verifying it," Gundling writes.

### Interpersonal Skills

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tions do not have the benefit of middle management mentors, or the middle managers may not have the skills or inclination to train and develop them.

Often those with good people skills at home make the wrong choices abroad. The most common trap is to evaluate people positively on the basis of language skills when they are deficient in managing subordinates or working with customers. Learn local standards so that you can discern when conduct that signals competence in your own environment has a different significance. ■



# Group Skills

Beyond working one-on-one, so much of business relies on team work. The problems of culture become magnified with each new person or culture that is added to the group. Working on global teams, training and development, selling and negotiating all need to be approached differently than they would be at home.

### *#5 Working on a Global Team*

Teams play an increasingly vital role in accomplishing corporate business objectives, and teamwork is not easy for a diverse group whose members bring very different viewpoints. Globally dispersed teams that rely heavily on virtual forms of communication are common. This becomes difficult because of individual personalities; whether the team members trust each other; different communication styles; the tendency to defend national interests; and basic assumptions regarding the role of the team leader or meeting styles.

The more diverse a team the more information and perspectives it has to work with, but the diversity also makes it more difficult to work toward shared goals. Develop positive team chemistry by creating a shared context and building relationships of trust and rapport. Because the ability to contribute ideas or offer constructive criticism is influenced by cultural background, meeting facilitation techniques become important for drawing out opinions. For a team to work cohesively, it must decide on mutually acceptable styles for decision-making, a common team vision, problem solving methods, roles and responsibilities, and a set of core intercultural values that bind team members together.

The amount of "context" available through different types of interactions should be considered depending on the importance of the meeting. Person-to-person meetings afford a large number of contextual cues through informal contacts, direct physical exchanges, nonverbal messages. Each step on the way from personal meetings to e-mail involves a significant loss of context.

One caveat is that though humor is a key ingredient to building good intercultural teamwork, inappropriate humor can be offensive and can reflect poorly on the humorist. A safe form of humor in an intercultural context is directing it at one's own shortcomings.

### *#6 Training and Development*

Training and development objectives are relatively universal despite the radical changes in recent decades. Training still remains a primary vehicle for enabling employees to meet corporate objectives. But learning styles and instruction methods, like everything else, are deeply influenced by culture. Trainers going abroad can make the mistake of presenting materials at a level that is either too advanced or simple for their foreign audience or has a lack of content fit, such as corporate mandated U.S.-based diversity training in India where the relevant diversity issues center on Muslims.

Overseas trainers should reconsider their attitudes and expectation in certain areas:

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## Group Skills

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● **Credentials** — What credentials are important to the trainees and how will they probe for them?

● **Level of formality** — What level of formality do the trainees expect from the trainer?

● **Agenda** — How closely is the trainer expected to follow the agenda?

● **Discussion or debate** — Will audiences grill a presenter on factual claims? Is the presenter prepared to defend these claims with rigorous observations?

● **Small groups** — Are the trainees more comfortable discussing questions and concepts in small groups than in front of the whole audience?

● **Tests** — Do the trainees expect and want to be tested to prove the rigor of the training?

Cultural issues are equally important in employee development, whether it is formal or not. Western managers' approach to employee development involves setting parameters of a task and giving an employee room to complete it, assuming he or she will consult the manager if necessary, but only after trying to solve the problem first. Other cultures can view this hands-off style as "delegate and disappear." When dealing with subordinates who do not understand the Western style, managers should anticipate developmental needs of the employee; establish standards through personal example; expect employees to bring you problems; and expect to be approached about personal as well as business matters.

With respect to managing performance, it is important to work hard to integrate any new performance management systems into the foreign country's culture and make sure that everyone understands that judgments are going to be based objectively on performance rather than relationships. You will need comprehensive training for managers and employees; recognition for contributions to a team so employees do not see top performers as selfish and unjustly singled out for praise; clear quantitative measurements; frequent informal feedback; and a culture of openness where people can discuss how to improve their performance.

### *#7 Selling*

Selling is likely the most resistant occupation to globalization, because buyers everywhere are literally and figuratively more comfortable with sellers who speaks their own language.

**Initial Contacts** — The task-focused methods of initiating contacts, such as cold calling, e-mail and ads, are less effective in foreign markets where an introduction from a mutually respected third party is far preferred.

**Discovery** — Keep culture in mind when learning about the organizational and transactional background. Develop effective responses to potentially incomprehensible behavior such as customers more interested in how you can fix the past than the future; customers who react better to personal questions than business questions; or those who expect to be treated like royalty instead of partners.

**Relationship Selling** — Relationships do not end with the sale in many cultures. They continue to grow over time and develop a web of mutual obligation. The progression from vendor to outsourcing solution to strategic partner is similar to the progression from acquaintance to friend to family, and each step comes with more serious obligations than you typically expect of business partners.

**Handling Customer Concerns** — The deepest objections and concerns held by customers may not be expressed directly, since broaching awkward subjects with foreign "guests" is uncomfortable. Learn to recognize the meaning behind common probes and give answers that respond to the underlying issues.

**Persuasion** — Western salespeople sell to an individual customer with a particular personality, but that is difficult when the buyer is a complex group that has dramatically different behaviors depending on the situation. While you may believe persuasion is a matter of verbal agility, elsewhere it may also involve nonverbal and contextual clues as well as lobbying through third parties

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## Making Contacts in Italy

Dave Wong has spent the past few weeks meeting with Mr. Adamo from an Italian company that would help the expansion of his business in southern Europe. The meetings are friendly and open, if a little long, but the overall tone is positive and Adamo is interested in the leadership and reputation of Dave's company and its experience with other Italian customers.

Dave asks an Italian manager how to cement Adamo's interest, and the manager advises face-to-face meetings between Dave, Adamo, and selected contact people from other Italian customers. Their feedback and endorsement will show Adamo the company is well respected and connected in Italy. Dave thinks the request will be an imposition on his customers, but finds to his surprise and pleasure that they are happy to do it.

In the Italian relationship-oriented culture business people feel more comfortable dealing with people they know well, so this sales approach is appropriate. But a reciprocal obligation comes along with the privilege of making this kind of arrangement. The customers who have so cheerfully agreed to cooperate may soon ask Dave Wong to return the favor.

## Group Skills

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and associating with high-status people or institutions.

**Closing the Sale** — Salespeople tend to misread signals from foreign buyers about when and how to "close." The classic mistake is believing you have an agreement when the mild "yes" from your host is nothing more than polite interest or a signature means little in the local legal environment. The close expands to stages such as listening to and incorporating customer ideas, not rushing the buyer when you want to close, and completing small projects in hope of getting larger ones later.

### *#8 Negotiating*

With so many stakeholders and potentially conflicting interests, it is difficult for cross-border negotiators to overcome cultural and national differences. Because their consumer economies are based on fixed prices, businesspeople from the U.S. and Northern Europe are at a distinct disadvantage in countries where consumer prices are negotiated. Never be overconfident when negotiating abroad. It is extremely difficulty to outwit a foreign negotiating team when it is part of their heritage. For example, compare some elements of the Chinese negotiating style to your own expectations:

In China any knowledge is power and there is **no expectation that confidential negotiations will be kept secret.** The people you negotiate with today already know what price you agreed to with your previous customer.

The Chinese are charming and skilled at coaxing additional concessions in the spirit of friendship and mutual cooperation, especially from **starry-eyed companies intoxicated by the prospect of 1.2 billion new customers.** Be certain of and firm about your bottom line, and never give a concession without receiving one of equal or greater value in return.

Chinese negotiation **teams have a leader who consistently speaks on behalf of everyone.** If individual members of American teams express different opinions in the name of creative brainstorming, the other team will pick up on who is more sympathetic to them, develop a special friendship, and eventually call in their chips.

Relationship-based cultures with long histories are less hurried than their counterparts and are **unlikely to yield concessions because of time constraints.** Once they know your departure date or internal operating deadlines they will use that as leverage.

Unresolved issues from the day will often reappear during the course of a banquet or after-hours socializing. **Stay alert because lengthy toasts often signal negotiating demands,** and you will be at a disadvantage if half-drunk and unprepared to respond with your own toast.

In China the **contract signing is a symbolic mutual acceptance of a new relationship.** When unexpected problems arise people turn to the flexibility of the new relationship to solve the problems. What Americans see as postcontract negotiations in bad faith, the Chinese see a natural problem-solving method. ■

# Organizational Skills

Once you have internalized these people skills and developed an awareness of the differences between your national culture and that of your overseas partners, you must determine how to adjust and accommodate your *corporate* culture to the business arena abroad as well.

### *#9 Strategic Planning*

The most critical strategic act in a cross-border contest is "frame shifting" or moving from a plan of action that makes sense in one environment to another plan that makes more sense elsewhere. The key skills for strategic thinkers in the global environment are questioning assumptions and anticipating future global market changes.

Strategic planning involves examining the external business environment and internal capabilities of your organization, then formulating goals and an action plan to achieve your organization's vision. In your home country you may know how to do this, but abroad your success will depend on **what** information is examined, **who** is involved in creating strategy, and **how** the process is structured. Obviously international employees should be involved as much as possible.

Because relationships are so important abroad, create a deliberate relationship strategy linked to your business strategy. Relationships may be the best available source for gaining access to key customers, collecting market intelligence, protecting intellectual property, or winning government support. Cultivating and sharing personal networks is critical in grasping indigenous frames of reference and making the adjustments to develop a successful strategic plan.

You will also need to develop global leaders to regenerate strategic success. High potential employees must learn cross-border strategic planning, as well as combine the analytical skills and personal qualities needed to direct and engage with employees around the world. To create these new leaders, begin a deliberate global development plan involving varied job experience, international business travel, multicultural teamwork, contact with executive role models, and global business responsibility.

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## Organizational Skills

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### *#10 Transferring Knowledge*

Transferring knowledge smoothly and efficiently across borders has become an important competitive differentiator. A key skill required is creating "pull" or a demand for the knowledge that is to be transmitted. Some of the major drivers of global knowledge transfer are global product development strategies, relocation of production facilities to lower-cost labor sites, host government demands for a policy of proactive technology transfer, and the high cost of expatriate packages.

**Gather the knowledge** — Much knowledge is tacit rather than explicit. You must gain the trust and cooperation of the people who hold the accumulated experience and intuition.

**Convey the knowledge** — Look for ways to create a pull factor and ensure that information is shared horizontally and vertically.

**Get the knowledge to stick** — Expect problems in individual accountability, and look for ways to strengthen and reinforce accountability through personal relationships and concrete systems for data collection, evaluation and rewards.

**Generate new knowledge** — Cultivate local leaders who fully buy into the new practices. Accommodate cultural differences but do not allow them to be used as a smokescreen to conceal poor performance.

Knowledge transfer can be affected by all sorts of other issues, including:

- **Organizational vision and strategy** and the commitment to boundaryless knowledge sharing.
- **Politics and community relations** between the organization and host country.
- **Definitions of knowledge** by people with different backgrounds.
- **Subsidiary capacity** to acquire new knowledge given education and experience level of local employees.
- **Personal trust and relationships** between parent company managers and subsidiary employees.
- **Information technology systems** and whether they are designed to enhance personal interaction or replace it.
- **Performance evaluation and reward systems** that are structured to support knowledge transfer.
- **Protecting intellectual property** from misuse and guarding against overly enthusiastic or illicit pull.

### *#11 Innovation*

To succeed at innovation, managers and employees must generate ideas, turn them into substantive products and services, and implement them. When relying on sources from across the world, company leaders have an added challenge. The corporate strategy may espouse innovation, but a more traditional set of hierarchical values remain in place in subsidiaries. Without systems that provide incentives and minimize disincentives, employees will not push for promising but untested ideas.

All areas of an organization including individual behaviors, teamwork, management practices, organizational systems and culture should be aligned to foster innovation and then convey the delicate balance to other environments. Improved communication throughout the company will help spread ideas as well as commitment to innovation. Focusing subsidiary energy to suit their competencies, such as invention, product development or commercialization, is another way to spread innovation.

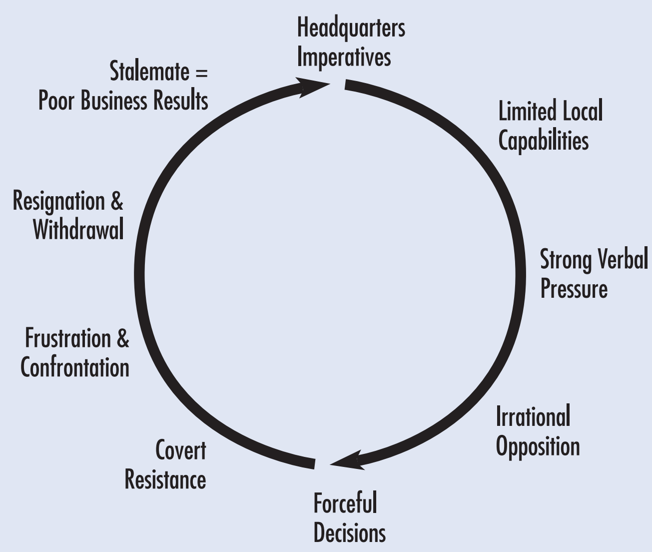
State of the art innovation leverages globalization to make further innovation possible. The complete package for achieving global competitive advantage is to provide attractive products or service in the world's most profitable markets at the lowest possible cost in a socially responsible way.

### *#12 Managing Change*

Even at home, tremendous momentum is required to move new changes forward in an organization, but to do it across borders you need a shared repertoire of global change management skills and a positive track record of past transformations to engender goodwill. This means building partnerships, but often change initiated by corporate headquarters meets with stiff local resistance abroad. Because subsidiaries are so far away, it is easy for them to ignore directives from the corporation or make their own changes.

Organizations often get trapped in the "Foreign

**The Foreign Capital Company Syndrome**

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## Organizational Skills

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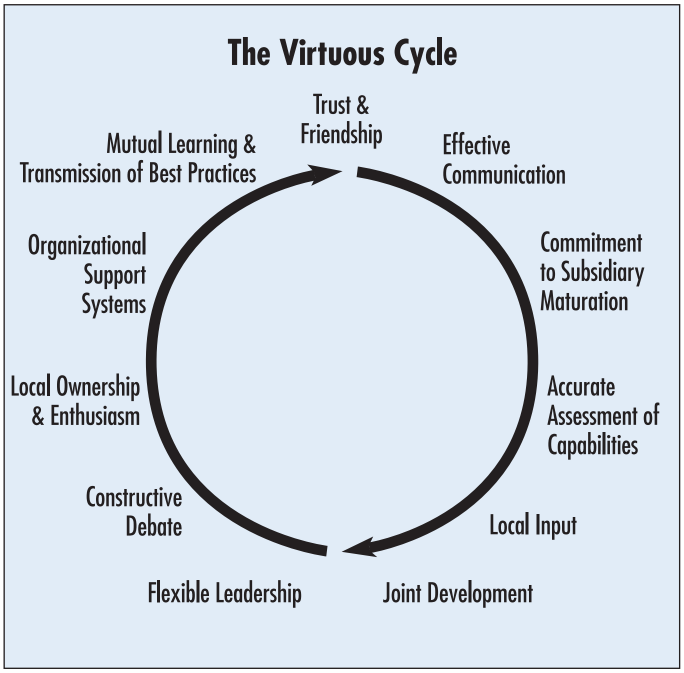


Capital Company Syndrome," a negative cycle of misunderstanding and misguided efforts (see chart on page 7). This negative spiral leads from fruitless discussion to imposed change to covert resistance and, finally, to poor business results.

Some of the most spectacular failures of cross-border change efforts can be traced to the failure of would-be change agents to establish credibility, obtain accurate information from distant locations, select the right people to drive the project, or lay the proper foundations for productive team interactions.

A better idea is to emulate the Virtuous Cycle, which generates positive momentum (see illustration above). In this case, effective communication, accurate assessment of capabilities, local input, joint development and other positive approaches leads to local ownership and enthusiasm, mutual learning and transmission of best practices and other positive results.

Often there is the desire to merge two cultures and their separate systems to create a "happy hybrid," but trying to make everybody happy is foolish. There is a broad menu of options beyond superficial hybrid solutions for those in charge of corporate makeovers. Systems can be standardized, selected, adapted, combined, integrated or adopted to come up with new ways of doing business. Think carefully about which approach or combination of approaches is most appropriate for every situation. ■



# Global Citizenship

As international managers head out to become global citizens they must consider how they will be changing the world. Does the foreign country want the changes you bring? Should it have them? As values around the world change, the best place to initiate change is where local customers and employees desire it or are open to it. Rather than national international managers, the world needs global citizens who can easily move from one culture to another. They encompass the core items of trust, respect and listening covered in these 12 skills, but also participating in meaningful work, profit, integrity, social justice, environmental sustainability, mutual learning and personal and professional growth. Global citizens transcend the dichotomies of parent and subsidiary and home and host country. As the ratio of overseas to domestic revenue shifts dramatically, companies will need employees who can recognize local customer needs, weight them against the organization's strategic priorities, and invest valuable resources in the best interest of the company. ■



## Innovating by Globalizing

Infosys, headquartered in Bangalore, India, describes itself as an innovator in "solution definition and engagement delivery." It has prospered by finding innovative ways to enter and thrive in the global marketplace, thereby laying the foundation for further innovation. Its most compelling innovation is to package an irresistible business proposition for overseas customers:

- ✓ Well-trained English-speaking software talent
- ✓ The ability to manage large-scale software projects
- ✓ Supportive government policies
- ✓ Round-the-clock service provided by operations in different time zones
- ✓ Costs that are a fraction of those of in-house services or outsourcing operations based in the U.S. or Europe.

Infosys has been a pioneer in the outsourcing revolution that is changing the economy of Bangalore and India. Built on globalization, 70 percent of the company's business is from U.S.-based clients. The company has managed to convince the West it can provide high-quality reliable services and at the same time demonstrate to local residents that it is not just exploiting cheap labor.