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CONNECTING AND INSPIRING YPO-WPO'S GLOBAL LEADERS

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BEST PRACTICES, BOLD LEADERS, BIG IDEAS

14 YEARS OF THE GLOBAL LEADERSHIP CONFERENCE



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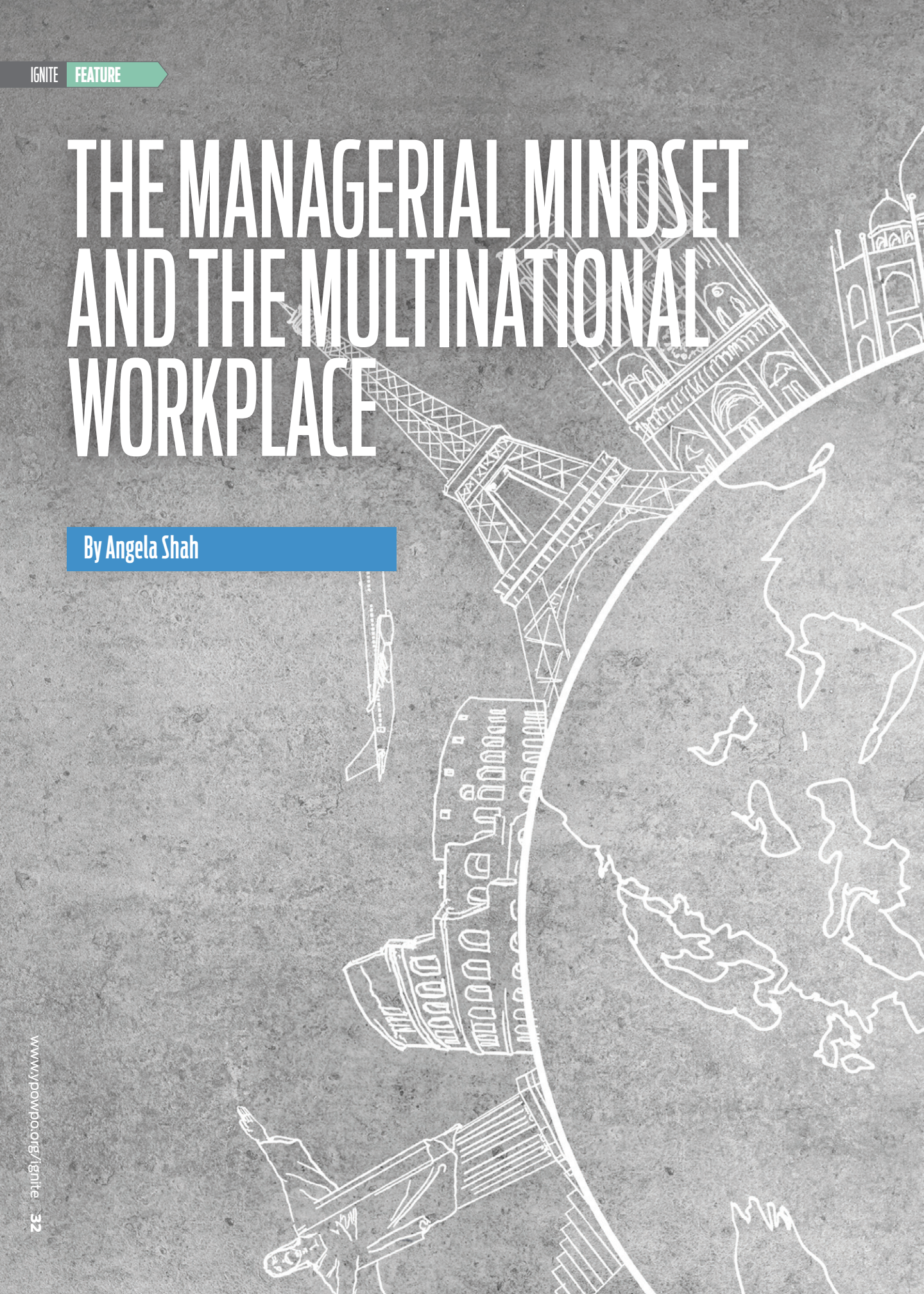
SPOUSES, PARTNERS POWER UP A BUSINESS NETWORK

TRAILBLAZERS ON A FAST TRACK: TODAY'S ENTREPRENEURS

DEAL TALK: CHANGING THE FACE OF BUSINESS

THE MANAGERIAL MINDSET AND THE MULTINATIONAL WORKPLACE

By Angela Shah





Instantaneous communication and globalization have brought the world closer together, but cultural differences still drive us apart.

Patrick Imbardelli (WPO Singapore) has worked in the global hospitality industry for more than 25 years. But even that background didn't prevent him from a mistake when choosing management for a new hotel in Thailand.

"Some years ago, I brought a Taiwanese into Thailand who had never worked outside of Taiwan previously," he says. "We inadvertently set her up for failure." Imbardelli was eager to get a diverse staff in place from the hotel's start and ignored a colleague's advice regarding a cultural issue: Taiwanese can overshadow Thais. When this happened at the hotel, the executive was ineffective at motivating her staff and executing the hotel's business plan.

"She was a very capable executive but we didn't prepare her for the globally diverse world," says Imbardelli. "We should have soft-landed her in somewhere like Singapore. She needed more time and preparation. The hotel would have been a success."

In the end, the company lost a talented executive and experienced a setback in Thailand. "That was a big learning experience for me."

> "We hire for diversity and fire because we're not the same. The ability to manage globally is how you manage diversity, not just how you hire."
>
> — Thomas Malnight

For many businesses, having multicultural teams scattered across the globe is commonplace. But how to deploy such human resources remains a key challenge for the executive who must manage them. "Every person has a social identity that reflects values and customs and mindsets," says Daniel Denison, professor of organization and management at IMD business school in Lausanne, Switzerland, and co-author of *Leading Culture Change in Global Organizations: Aligning Culture and Strategy*, a book that explores best practices for building a global culture.

Experience working abroad and language skills are helpful, but more important are attitude and perspective. "There are three things to unpack from your suitcase: Curiosity, respect, humor," Denison adds. "If it feels like it's annoying or weird or extra work, that's usually a sign that you haven't connected."

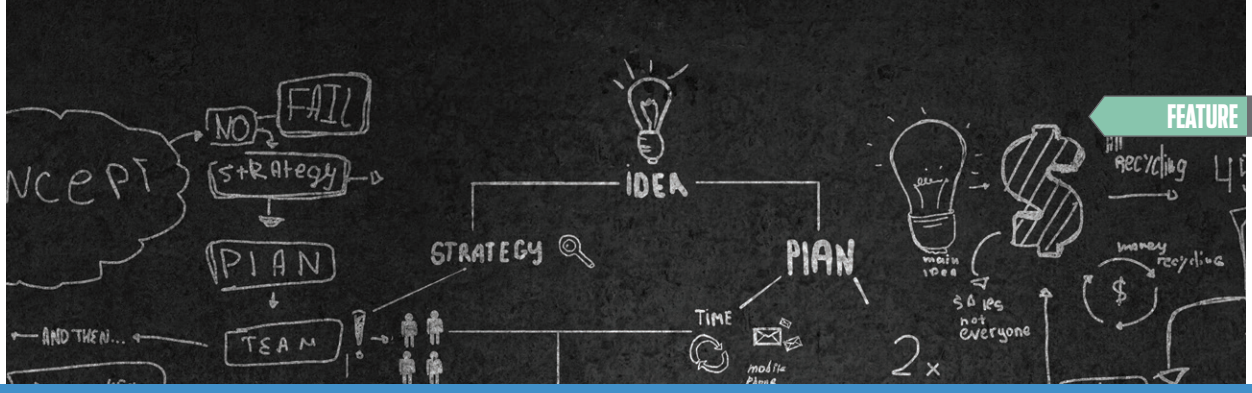
And it's not enough to set up far-flung outposts that serve as satellites to the home office. These markets have evolved beyond simply being places of growing consumption. "Lots of innovation is taking place there," says Thomas Malnight, co-author of *The Global Trends Report 2013: Towards a Distributed Future.* "This is where new mindsets are being developed — new ways of working. It is no longer about leveraging what I already do. It's about adapting and changing what I already do to prepare for this world's emerging into the future."

Malnight says Unilever's decision to base its chief operating officer in Singapore rather than the company's London global headquarters shows its commitment to developing international business. "That's a global office," he says. "That's where the action and change are coming from."

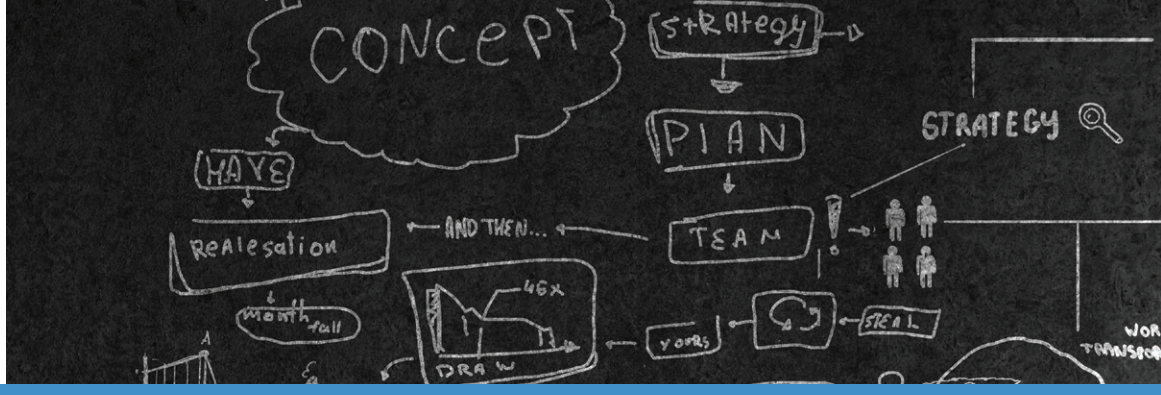
Attitude has become key as technology makes it easier to connect with people around the globe. Being able to reach someone tens of thousands of miles away at the speed of an instant message has, in some ways, made us forget the cultural differences that still influence our interactions with each other. "Ten years ago, doing business overseas was a businessman traveling to another place or an expat living there," says Erin Meyer, an affiliate professor in the organizational behavior department at INSEAD who specializes in cross-cultural management. "Today, you wake up in the morning, live in your own country and, over email, negotiate with suppliers in other countries. You might never go to those countries or have any visual cues that help them understand the cultural contexts."

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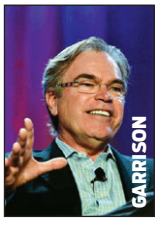

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Among the simplest of those is time, and the perception of it. Some cultures in Europe find it disrespectful if meetings and calls are not started at advertised times. Some parts of the Arab world operate on a Sunday to Thursday workweek and find Friday conference calls intrusive and insensitive.

Consider your audience when choosing communication mediums such as email or phone. This conflict often arises between North Americans, who tend to submit straightforward emails without pausing for social pleasantries, and Latin Americans or Arabs, who first value establishing a personal connection with business associates.

"Often when (North) Americans send emails to colleagues in Brazil, they get right down to business," Meyer says. "It can feel rude. The Brazilians may interpret it as ordering them around, or shouting at them." Meyer explains how the North Americans think they are respecting their colleagues by not wasting their time and getting right to the heart of the matter.

Knowing which tool to use means considering whether the other culture is relationship-oriented or task-oriented. For example, the Arab Gulf region highly values personal-relationship building first. "We spend time getting to know each other on a personal level," Meyer says. "Because I've connected with you personally, I trust you."

Malnight, who is also professor of strategy and general management at IMD, calls this "building relations as opposed to managing transactions."

The most task-oriented tool is email, which signals "let's get our work done," Meyer says. "But there's not much opportunity to develop a personal connection."

For **David Garrison** (WPO Park City-Deer Valley), CEO of iBAHN, a hotel Internet services provider based in Salt Lake City, Utah, no tool replaces the value of a trusted relationship. "Without those special relationships with team members, customers and suppliers, no electronic communications will be effective," he says.

Garrison's management team schedules quarterly face-to-face meetings (in addition to biweekly conference calls). "We rotate the location by geographic region to make sure our senior managers are aware of regional opportunities and issues."

How we express ourselves is as important as the medium we use. For example, Meyer describes what she calls upgrading your negative message versus downgrading it. "Arab societies get quite offended by direct criticism," Meyer says. "Germans get equally upset to receive criticism in an indirect way. They think it's dishonest or lacking in transparency."

For example, a discussion on negotiations in a recent mergers and acquisition class at INSEAD illustrates how sources of conflict can arise. "Latin Europeans more frequently game their price in a negotiation setting than (North) Americans do. In this case, when the Americans said, 'Here's our price. Here's our conditions. Here's what we can do and what we can't do, but we can't go lower,' " Meyer says, "the French didn't believe it. They felt the Americans weren't flexible or interested in cooperating. They said no one really gives their best price right away."

Today, the cultural equation isn't simply thinking about your culture vis-a-vis another one. Managers

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> — Daniel Denison



should refrain from assuming their perspectives on a culture will be shared by staff members of other cultures. You might think those in Latin cultures are less hidebound to schedules, but an Arab or Indian may see them as hyper-punctual.

In his research for *The Global Trends Report*, Malnight found that many managers are still using a mindset that emphasizes control of overseas staff and business operations instead of one that stresses learning and developing. "Most companies like to manage everything the same," he says. "But the key is managing different businesses differently. The way to kill new business is to manage it like old business."



One South African chief executive he interviewed says the worst thing for his company would be to be acquired by a European or U.S. company. "I would spend all of my time explaining to headquarters how the market in South Africa worked," Malnight quoted the executive as saying. "They are too slow and too bureaucratic and too fixed in their ways of working."

The first place an executive should look to gauge how well he or she manages cultural differences is around the executive conference table, Malnight advises. "At big management meetings, it's pretty shocking how little diversity there is in the room. We hire for diversity and fire because we're not the same. The ability to manage globally is how you manage diversity, not just how you hire."

Denison says a quick rule of thumb for managers is to match your employee diversity to your market overseas. "If 30 percent of your business is from India, 30 percent of your mindset should be Indian," he says.

Kito De Boer (WPO Greater MENA, WPO Emirates), director at McKinsey & Co. in Dubai, United Arab Emirates, also stresses that managers must have a strong sense of their company's values to help them navigate cultural minefields. "One of our roles as leaders in a multicultural environment is to strike the right balance between being sensitive to other cultures but also to be prepared to hold fast to what we believe are universal human rights," he says. "As a representative of a forward-leaning company, we have a responsibility as well as an obligation to make sure we are seen as a force for modernization and liberalization."

Once, when working with a client in Saudi Arabia, De Boer recommended a McKinsey employee to work on site who happened to be a woman from India. The client disagreed, saying that an Indian woman did not represent the best the company had to offer.

De Boer asked the client to start with the woman for six to eight weeks, within which time the firm would replace her. "I didn't like myself for doing that," he says. But when it came time to rotate the woman out of the assignment, De Boer says the client became upset. Turns out, they saw her value, so much so that the client offered her a job. "Everyone is fighting their own fears and biases and definitions of reality," he says.

And what if holding on to such values endangers a contract? "In the end, the values we hold are absolutely vital," De Boer says. "They are actually at the heart of our sustainable success.

"We have to deal with people who are not like us," he adds. "It's difficult and a thrill." ▲

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