

## ***TWELVE PEOPLE SKILLS FOR DOING BUSINESS***

### ***ACROSS BORDERS***

**Ernest Gundling**

The single greatest cause of difficulties in global business transactions is not lack of technical expertise, hard work, or good intentions. It is a lack of “people skills” for relating successfully with counterparts from other countries and cultures. The number of people involved with global business has increased dramatically over the past decade, and now, with the advent of virtual teams, global people skills are becoming almost a daily necessity in many professions. Areas where cross-border friction tends to emerge are relatively consistent and predictable, and are based on underlying cultural differences. This article is structured around 12 critical people skills that frequently make the difference between success and failure in working across borders.

It may be satisfying to memorize the list of dos and don'ts for a particular destination, but one quickly realizes after arriving in the country that such a list only goes so far – there are many things that are not on the list at all, or which even contradict it. Without a deeper understanding of the country and its culture, the list itself is likely to turn into an obstacle, encouraging a false confidence and a sense of knowing more than we actually do.

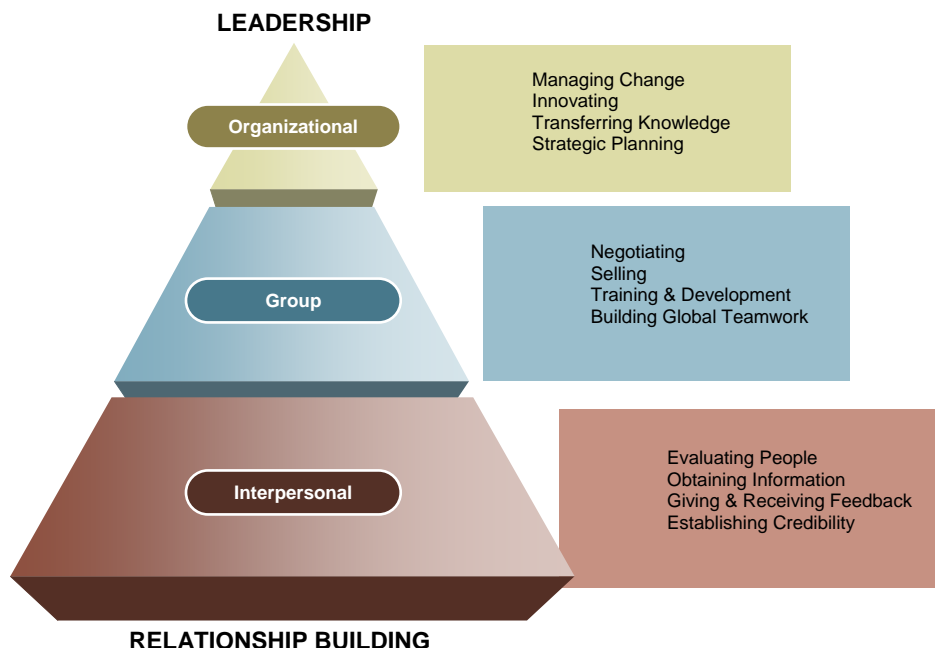
The content of this article is based on the input of a group of more than two-dozen country and regional experts who were sought out for their experience in assisting global managers and for their collective knowledge of key business destinations on every major continent. Between them, these experts have worked with more than 30,000 businesspeople doing business in multicultural environments. During the course of our interviews with each expert, we explored a pair of practical questions: “How do foreign businesspeople tend to go wrong in this location?” and, “What do they need to do in order to be successful?” We also asked them for specific people-skills examples for their country of expertise. The answers they gave are a primary source for the information shared here.

This article outlines the how-to skills areas that are applicable in complex and changing business environments, addressing three different skill levels – individual, group, and organizational. Each of the 12 skills, or competencies, described here, has been selected because it emerges repeatedly in different environments as a cross-border flash point. People skills are

not everything. Those who are involved in global business transactions need to work from a broader model that takes into account issues such as political climate, trade laws, labor relations, physical and social infrastructure, and the presence of local suppliers or competitors. Nevertheless, by embracing these skills early and often in their global careers, managers and executives can avoid rivers of frustration and wasted effort while realizing important business opportunities that would otherwise be missed.

A frequently underestimated part of the global leadership craft is full mastery of the people skills outlined in this article. This includes the ability to disseminate all 12 skills throughout an organization.

**Exhibit 1: Global Business Skills**



Each level of people skills builds on the prior one. Proficiency at the level of interpersonal skills enables one to function better in diverse groups; interpersonal and group skills are essential building blocks for success at the organizational level. Some of the most spectacular failures of global leaders can be traced to organizational change efforts that never

took hold among working groups or in everyday interactions between individual employees. Success, on the other hand, is achieved through sustained, effective efforts at every skill level.

### **SKILL #1: ESTABLISHING CREDIBILITY**

Experienced managers tend to take their own credibility for granted. They have long since learned how to establish their credentials with ease when meeting new business contacts. Under normal circumstances they can accomplish this quickly before proceeding with the business at hand.

In cross-border settings, however, the code for establishing one's value in the eyes of new colleagues and customers may differ from what one is accustomed to, and even this seemingly rudimentary step in creating business relationship can become a significant stumbling block.

#### **Example: Introductory Speech**

Here is the partial text of a speech planned by a U.S. executive newly assigned to head up an Asia Pacific sales operation:

*I'm very pleased to have the opportunity to work with all of you in our Asian organization. Although I have worked with many Asian companies in the past, it is an exciting opportunity to now become a part of the APAC sales force with you. While I was Director of Sales for the Western region in the US, we made a strong contribution to the company's earnings. I believe that 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.*

This speech may seem to include perfectly good comments if you share the background and expectations of the U.S. manager. But the people in his audience are likely to respond in not so favorable ways to this speech and to many others like it. Their thoughts are often not voiced in public, and certainly not directly to the foreign manager, but here are some likely interpretations from local employees:

- “He sounds very proud of his accomplishments.”
- “It seems like he doesn't recognize all the efforts we have been making here.”
- “Why does he have to talk about profit on a formal occasion like this? Of course we recognize that profit is necessary, and we're all working hard to make that happen. But he makes it sound as though we are only concerned about our stockholders.”

- “Does he think that Asia is one place?”
- “Why did he mention his wife?”

Having a group of people who are thinking about a new manager in this way after his or her introductory remarks is not an ideal start in a new environment. Already in the very initial phase of this person’s presence abroad, an image of boastfulness, arrogance, and shortsightedness is being shaped that could require considerable time, energy, and good will to erase. Even worse, there is a natural reluctance on the part of local employees to cooperate with leaders who are labeled in this way—at times there is passive or even active resistance to their directives. Good intentions and a formula for self-presentation learned in one’s home market setting can actually become a recipe for trouble in a different setting.

Nearly every cross-border business relationship begins with a mutual description of identities, backgrounds, roles, and current work, and yet the manner in which this is accomplished varies significantly from culture to culture. Nonverbal forms of communication such as body language and gestures make this kind of preliminary exchange still more complex. Negative stereotypes are shaped in part by different assumptions about how we should present ourselves during these initial contacts. Different business environments require a different pace or style of leadership. Managers can more quickly establish their credibility and begin to work productively with overseas counterparts by presenting their qualifications and business priorities in a manner that takes local perspectives into account.

## **SKILL #2: GIVING AND RECEIVING FEEDBACK**

Different feedback styles can easily lead to misunderstandings. It is common for people from cultures that favor relatively direct and verbal forms of communication, e.g., U.S. and some European cultures, to misinterpret or miss entirely messages that come in more inexplicit and nonverbal ways. Meanwhile, very direct messages may cause offense or have unintended messages read into them by those who are commonly more circumspect about delivering sensitive messages

A few examples of styles for giving and receiving feedback that differ across cultures include the following:

- When providing feedback in cultures that are more task-oriented, the person and the task are separated, and the focus is on how to do the task well. In more relationship-oriented

cultures, the person and task are not separated. Feelings and facts are both important when giving critical feedback.

- In cultures that tend to be more egalitarian, feedback can be given both ways between a superior and subordinate. We might expect to find 360-degree/multisource performance reviews working effectively in these work environments. In a more status-oriented or hierarchical culture, feedback is given—and expected—primarily from the superior to the subordinate.
- In cultures that apply rules and procedures more universally, work-related feedback is usually provided at work, and it is important to follow the proper procedure and make it concrete, objective, and constructive. However, in cultures that are more “situational” in nature, informal get-togethers outside of work may provide a setting where feedback can be given and received more freely, even between managers and subordinates.

By being aware of the full range of feedback styles and feedback options, people are not only able to give feedback in a style that is culturally appropriate in any location, but also better able to recognize it when they are on the receiving end.

Good feedback, delivered either directly or indirectly, is similar to a graceful dance in which the partners move in harmony and do not step on each other’s toes. There is no one feedback style that is necessarily more effective than all the others so long as the partners are consciously dancing to the same tune.

The baseline interpersonal skills of establishing credibility and feedback continue to provide challenges as we make new contacts and expand existing relationships. At the same time, these baseline skills become the foundation for further key activities such as obtaining information and evaluating people.

### **SKILL #3: OBTAINING INFORMATION**

Often it is necessary to go beyond feedback regarding our own ideas, behavior, or management style and probe additional questions that are vital for the success of a cross-border project or business venture. The skill of obtaining information can help us to better grasp organizational capabilities, project management issues, or market opportunities. Most importantly, it enables foreign managers to understand what the employees working for them have to contribute.

In general, concerns about sharing information directly are more pronounced in hierarchical, group-oriented cultures where enduring relationships are a key source of social capital. To place in jeopardy your relationship with a senior member of the hierarchy or a key network member could have dire long-term consequences. A frontal approach to either obtaining or providing information will probably be a less effective strategy in such environments.

Country-specific protocol such as whether or at what point one discusses business on social occasions will influence the behavior of foreign counterparts (according to French dining etiquette, for instance, business topics are customarily taken up towards the end of the meal). The problem in some countries may not be too little information but the objectivity or quality of the information you receive. In Brazil, for example, subjective perceptions are in many cases given equal or greater importance than objective "facts," and the line distinguishing fact from fiction tends to be less well defined than in many other cultures.

Company information that is standard in many countries, such as that contained in annual reports and marketing brochures, is not easily available. One must rely on connections and relationships to obtain information, but it may still be very difficult to obtain accurate data – it is generally a good idea to use a cross-checking process to verify the information provided by different sources and look for common threads.

#### **SKILL #4: EVALUATING PEOPLE**

Once the process of relationship building has been started and your credibility is established, you must also try to make a fair and accurate assessment of the employees in that location, however strange their business practices might seem at first. This brings into play other people skills such as giving and receiving feedback, or obtaining information on sensitive topics. Who can you depend on for market intelligence? Who is really getting things done for the customer? Who can give you valuable advice and insight into organizational issues? Longer-term, another critical task for leaders is to select and develop successors for themselves and for others who are part of the leadership team. Who are the right individuals to lead the company into the future?

Unfortunately, some leaders with very solid people instincts back home make the wrong choices in a more diverse environment. There is a tendency, for example, to respond positively to a person on the basis of his or her language skills even when that person's skills in crucial areas such as managing subordinates or working with customers may be deficient conduct that would

signal competence in one's own environment, such as assertiveness, may have an entirely different significance elsewhere. It is important to learn local standards for evaluating people and to cultivate broad sources of information so that one can arrive at balanced assessments.

In Russia, for example, publicly criticizing an employee is not uncommon, and can be more effective than private one-on-one feedback because it proves to the other employees that the leader is strong. A leader who is indirect and provides "suggestions" instead of directions is often not respected.

What observers from more egalitarian cultures often miss, however, is that leaders who appear to be authoritarian may actually maintain very close touch with their employees and are well aware of their needs and aspirations. Highly effective leaders have the trust of the people who work for them because they have their best interests at heart and are willing to represent these interests – they provide counsel, assistance, protection, and opportunities at the same time that they exercise their power. For example, a Russian management practice in some areas that foreign managers find strange is holding “personal office hours” during which individual employees can come to discuss home or family-related issues. The ties between leaders and subordinates built through these contacts or through after-hours socializing can be as strong and enduring as those created by any enlightened egalitarian.

The best recipe for evaluating people in a multicultural setting is to constantly look through others' eyes as well as our own. If we are working primarily through the lens of our own assumptions and expectations, the probability that a poor decision will result is high. Knowing how employees or customers from another culture would regard the same person is a vital step in making an informed choice – even if we do not ultimately agree with their views or choose to make evaluations based on a blend of their views and our own.

### **SKILL #5: GLOBAL TEAMWORK**

There are a variety of different types of global teams: top management teams, project teams, cross-functional teams, joint-venture teams. One of the most common is a globally dispersed functional unit – e.g., marketing, information technology, purchasing – that must rely heavily on virtual forms of communication to coordinate its activities.

A number of other differences could arise between multicultural team members. Basic contrasts in values and assumptions regarding the role of the leader or meeting styles, for instance, make it difficult to establish and work towards shared goals and commitments. What

good teamwork looks like often varies from culture to culture. Here are some questions that are worth asking to draw out divergent points of view:

- **Leadership.** Is the group more hierarchically structured, or is everyone on equal footing? What is the role of the team leader? How is he or she selected?
- **Team-member relations.** Is the team temporary or permanent? Do the team members know each other well? How often do they meet? And to what extent do their personal and private lives overlap?
- **Role definition.** Are the roles defined more by professional specialty, or is everyone expected to contribute whatever they have to offer on any subject? How broad is each person's area of responsibility?
- **Meeting practices.** What is the preferred method of exchanging ideas and information—in a group or in a one-on-one setting, spontaneously or in more structured forms? Are meetings used to make decisions and resolve conflicts or to announce conclusions that have been reached in a more private forum?
- **Motivation.** What motivates team members to perform? Is it the possibility of personal advancement or to gain greater exposure and recognition within the company? Is it the importance of not letting one's colleagues down? Do team members see themselves as individuals, or as part of a kind of family? Are there collective ideals?
- **Commitments and Accountability.** What does it mean to "commit" to perform a certain action? Is this a way of making others feel good, a sign of positive intentions, an indication that one will make a strong effort, or a guarantee to deliver results? Should accountability focus on team or individual performance, and what are acceptable sanctions or rewards?
- **Internal diversity.** How homogeneous or heterogeneous are the team members, even those from the same country?

The more diverse a team is, the more information and perspectives there are available, and the more alternative solutions it can generate. This is extremely valuable in complex, rapidly changing business environments. But that same diversity also makes it more difficult for the team to chart a common direction and to keep the team on course. Basic differences in assumptions make it difficult to establish and work towards shared goals and commitments.

The different viewpoints and assumptions of multicultural team members can lead to hours of unproductive discussion and wrangling. Personal feelings are hurt, and decisions seem to take forever. It is essential to develop mutually agreed-on team systems, including methods for organizing common tasks as well as shared values that encourage team members to work together effectively.

The members of an intercultural team begin further apart from each other, and are more difficult to bring together into a cohesive whole. But when formal team systems are infused with intercultural values and the team is focused on real customer needs, there is no greater asset for a global company. This kind of teamwork also brings significant personal and professional rewards for team members.

### **SKILL #6: TRAINING AND DEVELOPMENT**

The world of training has experienced a relentless stream of changes in recent decades. Companies want their employees to learn more, better, faster, and for less money. E-learning has come into vogue for some forms of instruction, along with “blended models” that combine in-person and web-based training. Yet even with all of these changes, training remains a primary vehicle for enabling employees to meet corporate objectives. And training programs are increasingly designed and delivered on a global scale.

What happens when training programs are taken across borders? Training and development objectives are relatively universal: organizations want to disseminate selected knowledge, attitudes, and skills that will make their employees more effective in their jobs. But learning styles and instructional methods are both deeply influenced by culture.

For instance, in more egalitarian cultures, the trainer is a well-intentioned peer and partner; trainees can request that materials be modified to better meet their needs; and trainees participate in the program as relative equals. Compare this with more hierarchical cultures in which the trainer is a representative of the corporate power structure and serves an agenda determined by that structure, and program participants remain very conscious of status differences among themselves.

In cultures accustomed to informal learning environments, skilled trainers use humor and a relaxed but focused communication style to create a positive learning environment; whereas in a more formal setting, skilled trainers begin with a formal tone, a carefully structured agenda,

and polished materials to create a professional atmosphere, gradually loosening up and becoming more spontaneous as relationships are established.

Building connections between training program contents and other organizational systems to support and extend their application is essential. Performance management, one such system, is commonly seen as a prime vehicle for ensuring systematic progress towards achieving business and professional development objectives. Yet much can go wrong when Western-style performance management systems are introduced into work settings in other countries. These systems embody a number of culturally based assumptions. For instance, managers have to make judgments that are based objectively on performance results rather than on relationships, and they must provide praise and criticism openly and directly. Employees should also be able to distinguish comments about their performance from comments about personal character, and accept that certain individuals will receive both higher evaluations and greater rewards, even when they are supported by the efforts of other team members.

There is of course no single formula for companies seeking to establish an optimum global performance-management system. It may be that some are actually better off not forcing foreign practices onto an older, more traditional workforce, or a reluctant joint-venture partnership. On the other hand, some employees in those same countries may welcome opportunities to improve their professional skills combined with rewards determined on the basis of their achievements. Each organization must strike a balance between adjusting to local circumstances and trying to create a new kind of culture.

### **SKILL #7: SELLING**

Among all of the different professions, sales is probably the most resistant to globalization. Unlike the employees of a multinational firm, who must adapt to some degree to their employer's way of doing business, customers ultimately retain the power to spend their own money. Buyers can exercise varying degrees of leverage to induce the seller to meet their own terms. There is no other discipline where personal relationships matter more – buyers everywhere are most comfortable with a salesperson who literally and figuratively speaks their own “language.” Most countries even have cultures within cultures that require a special approach: distinctive regions, ethnic groups, or particular segments of the economy. The skill of selling across borders must successfully address the ambivalent state of mind of customers who are considering the purchase of foreign products. These customers are

simultaneously attracted and repelled. They want the latest technology and prestigious foreign brands. They are generally well aware of both the strengths and the weaknesses of domestic sources of supply, including significant flaws such as limited features, shoddy quality, or poor service – drawbacks that could make overseas suppliers look very attractive. Yet the same customers do not want to work with a large foreign enterprise that is perceived as trying to control them or tell them what to do.

In order to discover real customer needs it is necessary to both ask the right questions and be able to hear and make sense out of the response. In a global business setting, so-called common sense can easily be reversed: customers may be focused on the past rather than the future, they may react better to questions aimed at their personal rather than business interests, and instead of becoming a partner they may expect to be treated as royalty. An apparently simple question such as, “Who is the decision maker?” can lead to unanticipated results. It might be seen as brazen and overly direct when the salesperson has been assigned without knowing their place in the customer’s hierarchy. It could also be naïvely simplistic in a culture where there are multiple interlocking groups of stakeholders who must all be satisfied before the transaction can move forward. A better question that accommodates different cultural perspectives is, “Could you please tell me how the decision will be made?”

### **SKILL #8: NEGOTIATING**

There are few activities with as much at stake as negotiations between companies. Significant – and perhaps fateful – commitments of finances and other resources ride on the successful outcome of this back and forth process. In a cross-border context, negotiations tend to be intense and demanding not only due to the high stakes but also because in this type of pressure cooker situation, with so many stakeholders and potentially conflicting interests involved, participants are most likely to have difficulty overcoming cultural and national differences.

Negotiation styles are deeply rooted in cultural behaviors, which differ widely among the world’s peoples, regions, and nations. Ample evidence of these differences appears whenever one crosses a national border. For example, the U.S. border city of San Ysidro lies adjacent to Tijuana, Mexico, a few miles south of San Diego, California. A tourist can look for a hat at any number of shops or supermarkets in San Ysidro and find a variety of sizes, designs, and colors. But in each case, the price will be fixed. The tourist’s “negotiation” for purchase of a hat

amounts to little more than choosing the store with the design that best matches his needs and paying the sticker price.

But if the same tourist walks ten minutes over the border to Tijuana, he enters a different world. There, fixed prices simply don't exist, and he realizes quickly – and usually painfully – that only a sucker will pay the sticker price. The Mexican expectation is that you will bargain, and that the purchase price will be significantly lower than the initial price. This expectation is a fundamental part of the Mexican way of life.

Because their consumer economies are based on fixed prices, residents of the United States, Canada, and Northern Europe are at a distinct disadvantage when they negotiate in other countries where consumer purchases are negotiated. Their counterparts will have developed keen negotiating skills simply as a result of growing up in their native cultures. Instruction in negotiation usually begins when children watch their parents haggle for groceries and other daily necessities. These skills transfer to business negotiations when children become adult professionals, and confer a huge advantage.

Therefore, a stern warning: Westerners should beware of overconfidence when negotiating abroad and should remember that it is extremely difficult to outwit a foreign negotiating team that has developed well-honed negotiating skills as a result of their cultural heritage.

## **SKILL #9: STRATEGIC PLANNING**

The term, global strategy, has a nice ring to it. Strategy making is often seen as a refined and somewhat abstract art that focuses on marketplace and competitor analysis, ways to differentiate one's products or services, and the allocation of limited corporate resources to create the maximum possible return on investment.

Global strategies often go wrong, however, because the basic assumptions that underlie them are flawed. In a cross-border context, the most critical strategic act is *shifting frames* – that is, moving from a plan of action that makes sense within one market environment to another that is better suited to a different context. Strategic planning as a global people skill means having an executive team that can systematically question basic assumptions held by its own members while entertaining multiple perspectives suited to the requirements of various markets. Original, groundbreaking strategy comes from a management discipline of conscious frame-shifting that can question and potentially overturn the basic assumptions of any participant in a

strategic discussion, taking the debate in a direction that is new to everyone involved. Strategic thinking about the business environment and even about one's own organizational capabilities must grasp the core features of radically different foreign markets; it also needs to anticipate future global market changes that no one has yet experienced.

As an organization's global strategic planning process becomes more sophisticated, its participants are less likely to be surprised by local market assumptions. They learn to supplement their increasing store of specific local market knowledge with a deeper understanding of the values and history of a country's residents. Based on such knowledge, they may even become able to accurately predict the behavior of local business counterparts.

I once asked a friend in Latin America about the best strategy for entering the local market. He replied without hesitation, "Find the right local person to head up the operation. It is worth spending months or even years to find or develop this person. Someone with the right capabilities and connections can accomplish almost anything, while the wrong choice will be the cause of endless frustration and waste."

Although every market offers its own complexities, and a single hire is seldom a complete solution, finding local talent that can build an effective network of relationships produces a myriad of advantages.

Strategic planning should have a regenerative dimension focused on global leadership development. Grooming successor candidates for top leadership roles is arguably the most critical long-term priority of any company, and this ought to include nurturing the frame-shifting capabilities of future leaders. High potential employees must learn to (1) plan with the proper who, what, and how, (2) consider cross-border positioning and global/local balance, (3) build key relationships with customers and employees in other countries, and (4) develop future leaders who work for them.

Corporate strategy should include plans for cultivating future strategists. Leaders who have undergone developmental experiences that entail increasing exposure to foreign markets become adept at viewing their enterprises from the edges as well as the center. They are often the first to detect places where the core value propositions of their business may be questioned, or to spot new forms of competition. Subjecting leadership candidates to "fish out of water" experiences abroad makes the survivors stronger, more flexible, and more resourceful – able to mediate between divergent viewpoints and turn conflicts into productive outcomes.

## **SKILL #10: TRANSFERRING KNOWLEDGE**

The ability to transfer knowledge smoothly and efficiently across borders has become an important competitive differentiator. As firms move away from semiautonomous country operations and attempt to build global networks with multiple centers of expertise, knowledge-transfer systems become an increasingly pivotal success factor worldwide.

Among the major drivers to accelerate the pace of global knowledge transfer are trends that range from overseas sales prospects to the availability of human resources:

- Business opportunities to leverage existing knowledge in new markets;
- Global product-development strategies;
- Relocation of production facilities to lower-cost labor sites;
- Requirements for a better flow of market intelligence between different countries;
- Host government demands for a policy of proactive technology transfer;
- Projected knowledge and skill gaps as core technical employees leave the company;
- Turnover of high potential subsidiary employees due to limited chances for advancement;
- High costs of expatriate packages.

Typical venues for knowledge transfer include new factory start-ups, moves to expand subsidiary functions, joint ventures, licensing or sales agreements, global teams, formal training and development programs, and corporate intranets.

The successful approaches that leading firms have developed for transferring knowledge are comprehensive rather than piecemeal, addressing the entire context of the transfer. It ideally begins with a corporate vision that meshes with indigenous aspirations for learning and development. A steady commitment to developing subsidiary organizations raises the motivation of local knowledge transfer recipients to draw in knowledge at a rapid rate, and ensures that what they acquire will be properly digested and put to work.

Employees who are inspired to learn and then to generate new knowledge themselves will soon find ways to contribute to the company as a whole. There should be a willingness to allow fresh knowledge to flow in all directions – from any country to other locations. In this way, global organizations can be continually renewed and enriched by the exchange of ideas, information, and enthusiasm between their people around the world.

## **SKILL #11: INNOVATION**

In order to succeed at innovation, managers and employees must successfully carry out a sequence of actions that begins with the generation of ideas, turns these ideas into substantive products, services, or workplace improvements, and culminates with their implementation or commercialization. *Growing ideas* means bringing together a variety of contributing factors across borders of all kinds, including national boundaries.

Although there is no silver bullet that suddenly makes innovation happen smoothly, there are a number of useful ways to upgrade the quality and tempo of cross-border collaboration in order to nourish new ideas on a global scale.

A broad range of measures is usually necessary to increase cross-border communication and to generate a network of personal contacts that encourages the rapid flow of ideas and information. For instance, companies may choose to:

- Send headquarters researchers out to visit or live near overseas customers;
- Bring overseas technical personnel to headquarters research facilities to incorporate their perspective and to help them learn what technical resources are available;
- Tap former expatriates with strong overseas networks to coordinate global projects;
- Relocate or build research and development facilities closer to key global customers;
- Upgrade technical capabilities to enable more effective and regular exchanges of information through videoconferences, computer networks, and other forms of virtual communication.

The cumulative effect of these actions is to create a global web of innovative employees whose contacts are enhanced by personal trust and friendship, common awareness of available resources, readiness to share new information, and eager exchanges of ideas that grow quickly beyond the value brought by any individual contributor.

Contact with other people, ideas, markets, and customers provides fertile soil for innovative leaps, and companies can benefit from instilling this principle in the minds of their employees. A range of actions are required to make the embrace of strange and unusual sources of innovation a corporate habit – these include symbolic events, well-publicized revisions of

corporate values, and the creation of formal and informal systems that bring a diverse range of individuals together with one another

## **SKILL #12: CHANGE MANAGEMENT**

Global companies must embrace change in order to build and sustain competitive advantages that satisfy customers around the world. But attempts to transport change initiatives across borders face numerous barriers due to differences in business and management practices. Tremendous momentum is required in order to move new changes forward. Organizations need to develop a shared repertoire of global change management skills along with a positive track record of past transformations that engender good will among key stakeholders. This means *building partnerships* with colleagues abroad who can help to see an initiative through from conception to implementation.

There are many reasons why businesspeople in different countries may welcome change or initiate it themselves. Unfortunately, one of the most frequent scenarios in global business settings is the initiative driven from corporate headquarters that meets with stiff local resistance elsewhere. In the absence of a solid change process, a new strategic direction, manufacturing technology, IT system, or HR policy is likely to face a long gauntlet of blows from the forces of ingrained habit, suspicion of foreign ways, and culturally-based preferences for existing procedures. It is useful to be able to recognize and anticipate common impediments to change.

### **Ten Steps for Handling Change**

Change initiatives come in many shapes and sizes. Here is a general set of ten steps for introducing change across borders that has worked well in various settings:

1. Create a project team that includes strong local leadership.
2. Review the current systems that are in place in the host country organization and identify positive elements that can and should be preserved.
3. Carry out a needs assessment among key local stakeholders; include internal and external customer groups in the planning process.
4. Benchmark local and overseas models, including parent company systems.
5. Analyze related organizational systems to identify opportunities to reinforce primary objectives.
6. Plan the new process or system together.

7. Hold periodic meetings with the local executive team and other stakeholders to report progress and to gain support for next steps.
8. Use pilot programs to introduce the change; review and revise based on pilot program results.
9. Hand off responsibilities through a step-by-step process to a local team for ongoing implementation.
10. Utilize people and lessons learned from previous change efforts to jump-start new change options of selection, adaptation, combination, integration, and adoption require successively large degrees of involvement on the part of local personnel if they are to be successful. The more that employees around the world can have a voice in discussing and choosing among these alternatives, the readier they will be to support whatever change process ultimately takes place.

When the virtuous cycle that includes trust, local input, and mutual learning has been established, employees in various locations understand and expect that their leaders will utilize the full range of change options. There is sufficient good will to engender support even for the occasional top-down directive during difficult times, in part because employees know that a good idea generated anywhere in the world has the chance to become corporate policy. Combining an inclusive approach with real clarity about the nature of the company's change strategy brings substantial benefits, including well-coordinated action across the global organization and credible, consistent decision making.

## **CONCLUSION**

The people-skills model referenced here can be a tremendously effective guide to success in marketplaces around the world. Global competitiveness is ultimately achieved not only through providing superior products and/or services, but also through the sustained cultivation and application of people skills at the individual, group, and organizational levels. Corporate leaders who fully comprehend this model and leverage its value are indeed "globe smart." There is always a danger of getting carried away with the mechanics of learning skills and applying the model while forgetting that it requires a special kind of connection between real people. People skills should be infused with one's own personal approach and introduced into business relationships in a way that acknowledges the distinctive identity and background of

others who are involved as well. Acquired skills complement a personal touch but are no substitute for it. Everyone who participates in a cross-border transaction must avoid hasty stereotyping of “self” and “other” and leave some flexibility for all to learn and develop.

**Ernest Gundling, PhD** is co-founder of Aperian Global. He works with clients to develop strategic global approaches to leadership development, organizational change, and innovation. Gundling has lived and worked in Asia, Europe, and Mexico. He is author of three books and a lecturer at the Haas School of Business at the University of California, Berkeley. This article is based on his book *Working GlobeSmart: 12 People Skills for doing Business Across Borders* (Davies-Black Publishing, 2003). The author can be reached via e-mail at [egundling@aperianglobal.com](mailto:egundling@aperianglobal.com) (see [www.aperianglobal.com](http://www.aperianglobal.com)).

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