

Managing Culture



Are you ready to dance with wolves in international organizations?

YOU ARE IN A FOREIGN LAND and faced with the challenge of self-preservation and conducting business successfully. Your corporate headquarters doesn't know of the incredible challenges facing you. You have had little preparation for your assignment and have no idea if local managers will support or subvert you. What do you do?

This story might sound familiar. You have either experienced it yourself, heard of a colleague who was in a similar situation, or saw it in a movie. The movie, "Dances With Wolves", featuring Kevin Costner, looked at how people cope with such a challenge. The movie serves as a metaphor for clarifying the challenges we face when trying to do our job in a foreign environment while managing cultural differences.

This situation is like the relationship between the visiting expatriate and local national manager in the multinational organization. The question is: Will the relationship between the expatriate and local manager end in mutual respect or in contempt and distrust?

Multinational corporations worldwide are filled with managers who fear dealing with the management of cultural differences—the diverse set of assumptions and expectations people from different backgrounds bring into the workplace. When locally-hired employees and expatriate, or headquarters-based, employees are combined, there are many opportunities for misunderstanding, frustration, and lost business.

Most managers in multinational firms fall into one of two categories: they deny culture is an issue, and refuse

to talk about differences because they worry that talk of differences will drive their multicultural workforce apart or, they are either afraid to tackle the issue, too busy with "more important" issues, or don't know where to begin.

Four Vital Areas

We encourage you to look at four areas when assessing your approach to managing culture:

1. Consequences of not managing culture. Look for a distinct lack of timely information sharing, derogatory name calling (bashing) of cultural others,



inability to enter a new market, loss of market share, lack of trust between you and your cultural counterparts, inability to recruit and retain quality employees, low productivity, lawsuits from disgruntled employees.

For example, one U.S.-based multinational corporation suffered a high turnover rate, in several countries, both from relocated American expatriate managers and locally recruited managers. The American expatriates returned to the U.S. prematurely and some left the company. None had received any preparation about the impact of cultural differences on their jobs or lives. Local managers complained of a lack of timely information from the U.S. headquarters and opposed the U.S. "company way" of dealing with customers.

2. Common defenses used to justify not managing culture: "If we focus on

differences, it will drive us apart." "Culture doesn't matter—we're all human and have the same goal." "Language is the only barrier—if we could speak their language, there would be no misunderstandings." "If I become too effective in this culture, I run the risk of being alienated by the home office."

The argument that "all people are motivated by the same things" was dispelled in the company that insisted all sales people be compensated on the U.S. model of 50 percent commission and 50 percent salary. The Japanese wanted 100 percent salary. The eventual compromise was 80 percent salary and 20 percent commission. Even at this, the Japanese sales staff was so demotivated that sales volume and market share eroded. After three years, the Americans accepted the original, 100 percent salary compensation. This delay in trusting the local, Japanese managers cost the U.S. company hundreds of millions of dollars of lost revenue.

3. Attitudes and skills necessary for managing culture: Being open to clarifying with your colleagues the assumptions, expectations, and behaviors you consider "common sense." Are they the same? Be willing to break some rules considered by headquarters to be "sacred cows." Be willing to learn management and communication skills considered effective in the target culture and practice them.

One Japanese corporation with extensive U.S. operations devoted one year to developing a set of values for doing business in ways that respected both cultures. This blending of values resulted in a synergy that improved operations, management-employee relations, recruiting, and customer service.

4. Benefits of managing culture. Develop allies among the local managers. Increase market share. Enjoy a successful term as a manager in a foreign country or on a project in which you deal with managers from other countries.

The opportunities to put these ideas into practice are many, and the benefits of managing cultural differences, compared to the consequences of not managing them, should convince you to deal wisely with cultural issues. Where do you stand?

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Excellence in Action: List a couple of ways you can better manage culture and put these ideas into practice.