



# KLC Associates

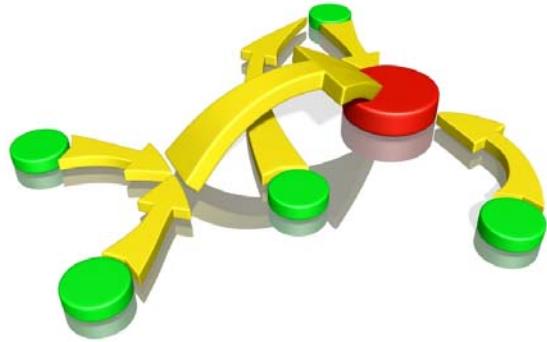
Chicago ■ New York ■ London ■ Köln

## Forging Successful Global Relationships

Karen L. Cornelius  
President  
KLC Associates

Jeffrey T. Walsh  
Executive Vice President  
KLC Associates





# What's Going Wrong ?

In your pairs or trios, identify some things you have experienced or seen go wrong among international partnerships.

# I. Primary **Failure Modes** in International Business Relationships



Predictable group level dynamics issues:



**“Stuff It Syndrome”**

# I. Primary **Failure Modes** in International Business Relationships



Predictable group level dynamics issues:

## “Stuff It Syndrome”

...An inevitable consequence of headquarters, or one partner, fully developing and attempting to implement a plan or process across other partners without building relationships and involving them. Stuff It Syndrome is rarely overt.

Symptoms: Confusion – “We don’t understand”

“helplessness”

Foot  
dragging

Find the flaw

Insurmountable  
problems

Passive resistance



## I. Primary **Failure Modes** in International Business Relationships



Predictable group level dynamics issues:

### Global “Dream Teams”

...at the push of a button



## I. Primary **Failure Modes** in International Business Relationships



Predictable group level dynamics issues:

### “Dream Teams”

.....are just a dream.



The reality of distance dynamics:

Geographically separated organizational units or partners who never spend time together building relationships will inevitably develop dynamics that can stall or de-rail the initiative.



“Us and them”

Sub-cultures

Conflicting agendas

Finger pointing

Suspicion

Distorted

communications

Myths and rumors



## II. Forging Successful Global Relationships



### Understanding National and Corporate Cultural Differences ....



What they are

Where and when they are important in building a business relationship

What can go wrong



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### National Culture

#### What Is It ?



**National Culture** is expressed through what is considered

"polite, appropriate and civilized behavior"

in that country



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### National Culture

### Why is it a problem ?



National (as well as Corporate) Culture is largely unconscious.

It provides the framework and 'scripts' for **expected behavior and practices in virtually all settings.**

When potential partners deviate from these expectations, they are often judged as **odd, rude, incompetent and/or untrustworthy**

## Forging Successful Global Relationships



### National Culture

Is important for getting your foot in the door...and not offending you partner until the deal is signed

### Three Key Dimensions for Success



# Forging Successful Global Relationships



## National Culture

### 1. Managing introductions and first meetings



#### *Culture is expressed in:*

---

Protocol

Degree of  
formality

How to show  
respect

Exchanging business  
cards

Purpose and location  
of meetings

- Seating

Introductions

Let's look at some examples...

## Forging Successful Global Relationships



### National Culture

1. Managing introductions and first meetings:  
What goes wrong?



### Introductions:

Or



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## National Culture

### 1. Managing introductions and first meetings: What goes wrong?

#### First Meetings

**Formality**

**Seating**

**“Tone”**

**Or**





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### National Culture

1. Managing introductions and first meetings:  
What goes wrong?

### Communications



Or



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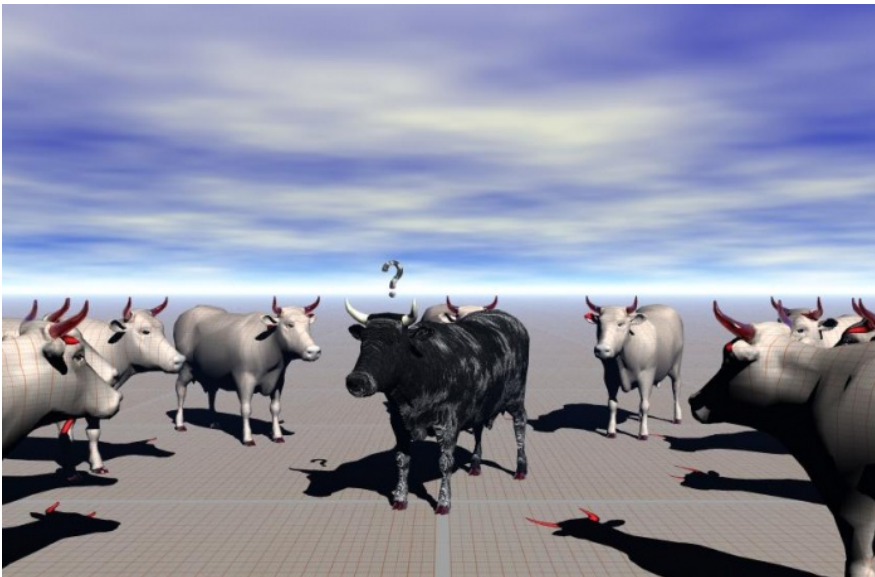


### National Culture

## 2. Knowing when and how to get down to business

### *Culture is expressed in:*

---



Number of meetings  
before business can  
be discussed

Social  
interactions

“Meet the family”

Entertainment  
• What? Where?  
How much? How  
long?

Gift giving  
What? How  
many? When?

Personal disclosure  
• How much? How soon?  
When? Where?

etc.



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### National Culture

## 2. Knowing when and how to get down to business: What goes wrong?

...A whole lot of things  
(So learn about your potential  
partner's culture)

**The basic issues** for Americans  
(and many Europeans) are:

- They **want to race to the finish line**, doing the deal as 'efficiently' as possible -- often offending their partners.
- In cultures that value relationships and harmony, **partners will not tell Americans something is wrong**



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### National Culture

## 3. How to start framing a business agreement

*Culture is expressed in:*

The steps used in building  
the agreement

Communications



## Forging Successful Global Relationships



### National Culture

## 3. How to start framing a business agreement What goes wrong?

### The steps:

Getting high level,  
conceptual agreement,  
then working out details



Or



Building confidence through  
agreeing on the details and  
building up to the concept

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### National Culture

### 3. How to start framing a business agreement What goes wrong?

#### Communications



#### Listen for the “Soft No”

“That could be possible”

“It’s a good idea”

“Mmmmmmm”

“That may be difficult”

“Our people are very busy,  
now – perhaps 1<sup>st</sup> quarter”

## Forging Successful Global Relationships



### National Culture



Now, let's assume you have been successful in the **three key dimensions** for getting your foot in the door and not offending your partner until they have signed:

1. Managing introductions and first meetings
2. Knowing when and how to get down to business
3. How to frame the agreement

*When the deal is signed, and you actively begin business with your partner, **Corporate Cultural Differences** become critically important*



Forging Successful Global Relationships



# Corporate Cultural Differences CCDs



Research shows that between 60% to 80% of international partnerships and joint ventures either fail outright or produce disappointing results.

The number one cause is CCDs that are not recognized and managed.

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## Corporate Cultural Difference (CCDs)

### What Are They ?



- Usually unconscious
- Reflect some or many elements of **National Culture**
- Embedded in the company's systems, processes, policies, leadership styles and behaviors
- Unwritten **"Rules of the Road"** for how things are done



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## Corporate Cultural Difference (CCDs)

### What happens ?



The problem with CCDs stems from the fact that partners with different corporate cultures will ...

Assume that **their way is the right/only way of doing things**, and that **everyone else operates the same way**.

See and interpret behavior and motivation of partners from their own corporate cultural lens.

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## Corporate Cultural Difference (CCDs)



Our research has identified **12 organization dimensions** in which corporate cultural differences are expressed that are most likely to derail international partnerships or supplier relationships.

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## Corporate Cultural Difference (CCDs)

### The Top Five....



- Leadership styles, assumptions, and behaviors
- Decision-making processes
- Existence and role of hierarchy
- Communications processes
- Roles & Responsibilities: the “Hows”



# Some Examples

- Leadership styles, assumptions, and behaviors

Conflict and crossed signals in an English/American/Japanese joint venture



## Some Examples

- Leadership styles, assumptions, and behaviors

Conflict and crossed signals in an English/American/Japanese joint venture

### Perceptions

- American and English perceptions were that the Japanese leader was weak, incompetent and completely disinterested in the project

- Japanese perceptions were that the American and English subordinates must be incompetent and untrustworthy, or their managers would not drive the agenda and dominate discussions



# Some Examples

- Decision-making **and** existence and role of hierarchy

Conflict and failure to arrive at agreements and decisions in an English/Swede joint venture





## Some Examples

- Decision-making **and** existence and role of hierarchy

Conflict and failure to arrive at agreements and decisions in an English/Swede joint venture

### Perceptions

- English perceptions were that the Swedes were blind-siding them and were not committed to the Joint venture
- Also that Swedish decision-making was ineffective as nothing was implemented

- Swedish perceptions were that The English considered Swede subject matter experts as worthless-- since they excluded their input; Swede management were shocked and insulted that no one had consulted them prior to decision-making meetings



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Doing it right:

Building collaborative relationships.. *that work from the start*

## Creating alignment



It is essential for key parties to meet face-to-face to understand – *in the same way* – and agree what they are trying to collectively achieve  
...whether it is *long term, strategic* goals  
...or *specific project* goals.

## Forging Successful Global Relationships



Building collaborative relationships.. **that work from the start**

## Creating alignment

**How?**



*“Action without Vision is a nightmare”*

Partners collaboratively develop a common **Vision**, **goals**, **strategies** and **“design statements”** for the future state they want to achieve.

## Forging Successful Global Relationships



Building collaborative relationships.. **that work from the start**

## Creating alignment



The **Vision** should include:

- **Product** or **service** goals
- **Business** goals and outcomes...



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Building collaborative relationships.. **that work from the start**

## Creating alignment



But also **operating principles** by which the partners will collaboratively work together.

*These must be more than words on a paper.*

*They must drive action and guide behaviors!*

## Forging Successful Global Relationships



Building collaborative relationships.. **that work from the start**

## Creating alignment



### “Design Statements”

describe what your future state outcomes should look like and be able to do.



## Forging Successful Global Relationships



Building collaborative relationships.. **that work from the start**

## Managing Corporate Cultural Differences



It is essential for key parties at different levels of the involved organizations to meet face-to-face to **surface, understand and agree how to manage and leverage** CCDs

Particularly in the **5 key dimensions**

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Building collaborative relationships.. **that work from the start**

## Going Slow to Go Fast: Building Shared Tacit Knowledge



Employees of the partners **who must collaborate on processes and projects** will require time to **fully understand** -- for each partner -- **“how we do that here”**, not just what the operating manuals say.



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Building collaborative relationships.. **that work from the start**

### Ford Global Core Engineering Teams

**Purpose:** Identify and achieve enterprise level cost reductions through global commonality, synergies, and complexity reduction (e.g., reducing the total number of engines, powertrains, platforms and other systems and components produced by the various partners)

**Partners:** FoE, FNA, Mazda, Volvo, Jaguar & Land Rover, FMexico, FBrazil, Ford Asia Pacific



## Forging Successful Global Relationships



Building collaborative relationships.. **that work from the start**

### Ford Global Core Engineering Teams

**History:** Prior to our interventions, 12 Core Teams totally derailed or fell far short of delivering cost targets. Project deadlines were missed, and milestones were failed.

**Success:** Learning from our approaches that got these teams back on track, our recommended strategies were implemented in the Core Team 'kick-off' process. All have been successful, effective teams in terms of:

- Creative and innovative technical solutions
- Meeting deadlines/passing milestones
- Achieving or exceeding goals and targets



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Building collaborative relationships.. that work  
from the start

## Conclusions





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