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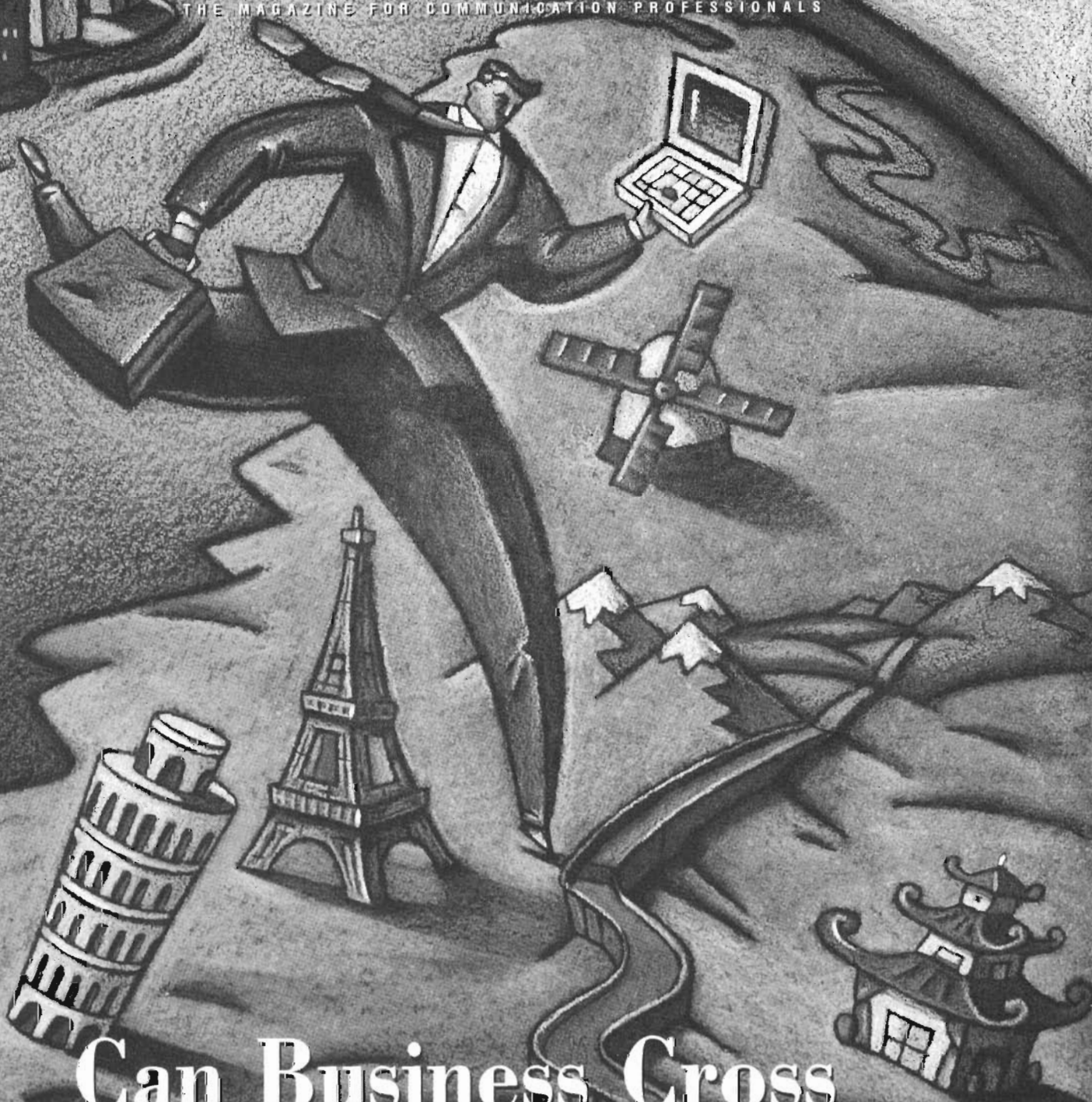
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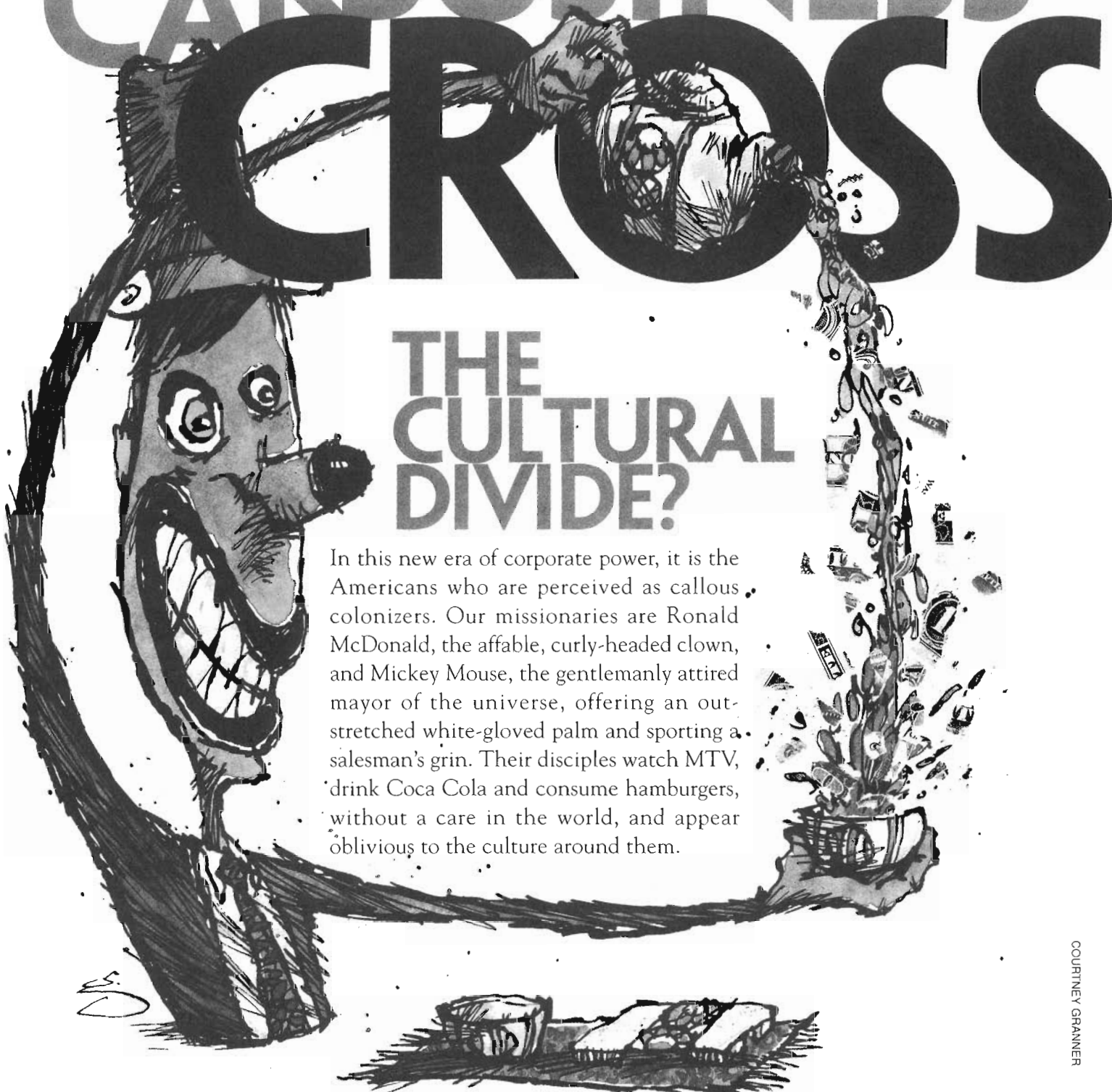


Can Business Cross the Cultural Divide?

CAN BUSINESS CROSS

THE CULTURAL DIVIDE?

In this new era of corporate power, it is the Americans who are perceived as callous colonizers. Our missionaries are Ronald McDonald, the affable, curly-headed clown, and Mickey Mouse, the gentlemanly attired mayor of the universe, offering an outstretched white-gloved palm and sporting a salesman's grin. Their disciples watch MTV, drink Coca Cola and consume hamburgers, without a care in the world, and appear oblivious to the culture around them.



COURTNEY GRANNER

By Elizabeth Howard



Is the hubris, probably inherent in free-wheeling capitalism, dangerous? Is it preventing us from learning from other cultures? Can different cultures work together effectively? How will we handle diversity issues on the global stage? Are we too absorbed in our own consumer/technology culture to take the time and effort to learn about others? Later, will we reap resentment, possibly the closing of markets and minds?

Retrospection is a useful exercise that should be undertaken more often as we struggle to understand the issues and develop solutions for the cultural, social and economic problems that have been created.

Robert McNamara served as the secretary of defense for both U.S. presidents Kennedy and Johnson and had a strong hand in shaping America's Vietnam policy in the 1960s and '70s. His memoir, "In Retrospect: The Tragedy and Lessons of Vietnam," is a look back at what went terribly wrong. He shares with readers a list of points. While his list considers geopolitical military problems, we have edited the essence of his list into 10 points as a useful guide for business.

1. Identify and form alliances with the competition.

In a global economy and in an era of "cold peace," the concept of adversary takes on new meaning. Successful ventures prosper by creating alliances, aligning themselves with industry leaders and innovators. The recent merger of the U.S. company Chrysler into the German company Daimler Benz has created a super firm valued at between U.S. \$35 billion and \$39 billion, the largest cross-border merger in history. The super firm will be neither a German company nor an American company. Both companies recognized that they could not grow internationally without a partner and a presence outside of North America and Europe.

The airline industry, formerly dominated by national carriers, also has undertaken an aggressive program of forming alliances. British Airways with American Airlines and United Airlines with Lufthansa Airlines are two examples.

In Europe, three of the largest aircraft and defense companies are in the process of a merger. British Aerospace, Daimler-Benz Aerospace of Germany and Aerospatiale of France will join to form one of the most powerful companies in Europe, designed to rival Boeing and Lockheed Martin.

And these mergers are not restricted to manufacturing companies. Five of Europe's leading commercial law firms, U.K.'s Linklaters, Belgium's De Bandt van Hecke & Lagae, Holland's De Brauw Blackstone Westbroek, Sweden's Lagerlöf & Lemman and Germany's Oppenhoff & Rädler, have joined to create Europe's largest legal practice and the world's second largest law firm. By consolidating on an international level, these firms hope to capitalize on the upcoming European economic and monetary union, as well as compete more successfully against American law firms.

2. Create an internal team that is working together.

Loyalty, as defined by a gold watch at the end of a long career with one company, is over. However, there is loyalty of a new kind, one that centers on respect for the ethical behavior of the organization and allows individuals to feel good about the way employees are treated within a company. "Chainsaw Al" Dunlap, as he is affectionately nicknamed for axing thousands of employees, left in his wake angry and disgruntled ex-employees at Sunbeam. AT&T and other companies have downsized with much more grace, leaving employees with the dignity and self-esteem to go on and become entrepreneurs or start new careers. Now that Dunlap himself has been fired, perhaps he has a better understanding of the concept of working together.

What went so terribly wrong?

New York: Random House, 1995, pp. 321-323.

We misjudged the geopolitical intentions of our adversaries and exaggerated the dangers of their actions to the U.S. people.

We totally misjudged the political forces within the country, viewing the people and leaders of our ally in terms of our own experience.

We underestimated the power of nationalism to motivate a people (in this case our adversaries) to fight and die for their beliefs and values.

Our misjudgment of friend and foe alike reflected our profound ignorance of the history, culture and politics of the people in the area and the personalities and habits of their leaders.

We failed to recognize the limits of modern and high-technology military equipment, forces and doctrine in confronting unconventional, highly motivated people's movements. We failed to adapt our military tactics to the task of winning the hearts and minds of people from a totally different culture.

We failed to draw [the U.S.] Congress and the American people into a full and frank discussion and debate of the pros and cons of large-scale U.S. military involvement in Southeast Asia before we acted.

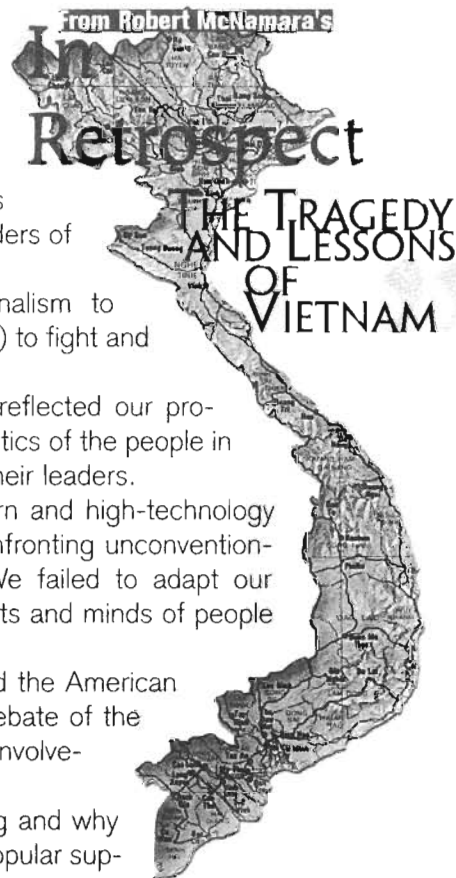
We didn't fully explain what was happening and why we were doing what we did, thereby we lost popular support and failed to maintain the unity of our people.

We did not recognize that neither our people nor our leaders are omniscient. We do not have the right to shape every nation in our own image.

We did not hold to the principle that U.S. military action should be carried out only in conjunction with multinational forces supported fully by the international community.

We failed to recognize that in international affairs, there are problems for which there are no immediate solutions.

We failed to organize the top echelons of the executive branch to deal effectively with the extraordinarily complex range of issues associated with the application of military force under substantial constraints over a long period of time.



3. Understand the role your company plays in its industry.

Businesses continue to consolidate to become more competitive. The merger of American Home Products and Monsanto will create a company with a market capitalization in excess of U.S. \$96 billion, and the announced AT&T and TCI merger is valued at \$48 billion. This activity plays a role in shrinking industries, putting pressure on the CEOs and the management of these companies to set the standard for what is right. When something goes terribly wrong with one of these super-companies we will all be affected in one way or another.

4. Understand your competitors where both threats and opportunities exist.

If market share is essential to maintaining competitiveness, it is important to understand who your competitors are. Does Barnes & Noble (with actual assets) face a threat from Amazon.com (an Internet company without assets and a negative operating cycle) or the collective and national American Booksellers Association? Barnes & Noble has actual "foot traffic" and Amazon must spend to generate browsing and hits in cyberspace — a new concept. Which business will prevail? Clearly the one that develops and implements a successful new model. The stakes are high.

5. Easy access to data will not replace in-depth analysis and interpretation.

Are we teaching our employees to think? And to plan? Technology may have defined this as the information age, but a super abundance of information does not replace thinking. Information technology is an advantageous starting point, but only critical analysis and trial and error will lead to concrete conclusion and sound strategic action. Are we breeding a generation who understands how to locate and download data and information but does not know what to do with it?

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6. Design a system so communication can flow into and out of your organization to external audiences.

Traditionally, the primary function of a communication department was to let information flow out of the company. The new challenge is to gather data, research issues, create a database and format information into an effective delivery system and disseminate to targeted audiences. It is most important to listen to and understand external critics and analyze the information that flows back into the company.

7. Your company's mission should be understood within the organization.

If a company's mission is well understood within an organization, the company will be more effective. Technology is revolutionizing the work place in ways that are difficult to either predict or understand. How change affects your business can change quarter to quarter. Therefore, it is important to make an effort to keep both your employees and your mission updated. Employees who feel that they are playing a role in implementing the mission will be more productive.

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8. Understand how to work with other cultures and what globalization means for your business.

It is important to occasionally pause and rewind. After all, the more things change, the more they stay the same. Parochialism is akin to myopia. Much is to be learned about entrepreneurship from the resourceful Eastern Europeans; about the ideas of justice from the practices of African tribal societies; and about citizenship from the Asian societies. The influences of Tibetan Buddhism, for example, are being incorporat-

ed into the Western way of life — culture, philosophy, medicine, physical education and religion.

9. Set up goals that are realistic and achievable.

Americans are taught to continually raise the bar. To assume an attitude that winning is everything. Nike, with the most recognized logo in the global marketplace, assumed an attitude that they were the best company on the planet. This attitude catapulted Nike into becoming the leading

sports apparel and footwear company in the world, until they took a nasty fall and their in-your-face-attitude further compounded their financial woes.

10. Develop and have in place a crisis communication and succession plan.

There are going to be situations in the global marketplace for which there are no solutions. New diseases carried on food products that are moved around the globe at dizzying speeds so diners can enjoy delicacies on the one hand and new infections on the other; problems of security, created through the Internet; the diversity issues employers have faced in the work place are now appearing as global issues and solutions are even more illusive. Understanding how issues of the

environment and population can be solved collectively will mean the cooperation of business, government and society.

During the cold war it was *us vs. them*. And before the Internet it was

hype = placement and promotion = spotlight. Today, understanding the *voice* of the market allows us to see what is *happening*. The Conference Board surveyed transnational CEOs in 1997 and found that "culture and people are the biggest roadblock" to global growth. We tend to get caught up in the "buzz" of the new while ignoring what has come before. Too much of the time we are careless in our thinking about what may be ahead.

Jesse Stone and Julia Sim contributed to the research and writing of this article. Elizabeth Howard is the principal of Elizabeth Howard & Company, an international corporate communications and marketing consulting firm based in New York. She is the editor of Observations, which can be found at www.elizhowardCO.com