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COMMUNICATION WORLD

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INTERNATIONAL ASSOCIATION OF BUSINESS COMMUNICATORS

It's for you.

Going Global

What does it really mean
for Communicators?

IABC's 25th anniversary
1970 to 1995

CHANNEL SURFING and scanning the news is possible when the subject is the O.J. Simpson case or the antics of the British Royals. Understanding what is happening in Bosnia, tracking the drug wars in South America and following the most recent conflict in what was the Soviet Union is more formidable. Yet, it is the international news that is transforming society and changing business. In less than three decades, technology has transformed the world into the global village that Marshall McLuhan envisioned.

As communicators, we must consider two questions:

- How important is it to understand the international marketplace and to track world events if your business is a small professional service firm, or a company that is not now involved in the international arena?
- How can we stay current with the volume of available information and keep our fingers on the pulse of what is happening?

The geopolitical changes around the globe over the last several years have been dramatic. Yet, while the Cold War may be over, what Jeffrey Garten described in his book, "The Cold Peace," is far from Utopia. Regional conflicts are replacing the clearly defined and distinctly different ideologies that for two generations existed between two superpowers and their followers. We are left with undefined "isms" — socialism, free market capitalism, communism and nationalism, interacting in new forms of government that are without definition and need to be understood.

Trade barriers have dropped around the globe and are offering both opportunities and increased competition for all of us. Leaders from the European Union met with leaders of Asian countries in November 1994 to lay the groundwork for free trade in the region by the year 2025. In December 1994, the leaders of the countries of North and South America, (with the exceptions of Cuba) met for the first time since 1967 to discuss extending

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What it really means to communicators

NAFTA (North American Free Trade Agreement) throughout the Americas. This will open up the largest free trading zone in the world.

Ratification of the General Agreement on Tariffs and Trade (GATT) after 12 years, involving agreement on trading rules involving 124 countries, will provide protections for U.S. copyrights and patents, free trade in agriculture, construction and software. According to estimates developed by GATT and the

Organization for Economic Cooperation and Development (OECD) — the United States stands to gain \$10 billion between 1995 and 1999. This is based on a gain of \$10 billion to U.S. consumers from U.S. import liberalization, and a gain of \$10 billion to U.S. producers from foreign import liberalization, offset by a loss of \$10 billion to the U.S. government from reduced tariff revenue.

In a global economy, how is the multinational situated?

A great deal of attention, it seems, has been focused on the restructuring of corporate America. However, the multinational corporations have changed as well. Henry Wendt, chairman of SmithKline Beecham described the change in an article in the magazine *Across the Board*, commenting: "The transnational corporation is different from the multinational of the 1950s to the 1970s that reproduced versions of themselves in many countries ... The transnational corporation has a global vision and orientation that transcend definitions of national identity. It sees the entire world as its market and customer base ... The transnational corporation must act with integrity because the stakes are so high ... So, as corporations increase their global presence, they assume more responsibility for their actions, not less."

While some companies will continue to be recognized as American companies, the point Wendt makes is that "You don't have to lose your American identity or your Japanese

identity in order to gain another one. It's not a zero-sum game. You add national identities because you have enormous obligations in other countries that you cannot avoid or evade, and should not." To the question of what will happen to the identity of nations and cultures and how to prevent what has been referred to as the Los Angelesization of America or the Americanization of Europe, he answers: "It seems to me that the answer is provided by this paradox of a global economy growing along with national and ethnic assertiveness."

Cyrus Freidheim, the vice-chairman of Booz, Allen & Hamilton, in an interview with *The Economist* on the results of their study titled "The Global Corporation — Obsolete So Soon?" comments that we will not see large transnational corporations because they will always be perceived as having a home base and cannot lose their national identity. They will, he suggests, "be superseded by relationship-enterprises, a network of strategic alliances among big firms spanning different industries and countries but held together by common goals which encourage them to act almost as a single firm. These will be the corporate juggernauts."

Strategic alliances usually involve joint ventures. At a recent Forum on International Management, James R. Houghton, chairman and CEO of Corning, Inc., cited two main reasons for forming joint ventures:

- to gain access to markets that we cannot penetrate or do so quickly enough to obtain a competitive advantage, and
- to bring our technology to market; to bring another firm's technology into a market where we are well established.

Corning Inc., also reported in *Across the Board*, has formed about 50 joint ventures going back to the 1920s when it joined the French glassmaker St. Gobain to introduce Pyrex cookware to Europe. Over the last five years, joint venture earnings contributed more than \$500 million to Corning's bottom line; sales exceeded U.S. \$3 billion.

While the regional manufacturing company you work for today may not be involved in the global marketplace, the alliance or joint venture the firm engages in tomorrow, to form an international cartel, will be. And it isn't just large manufacturing and telecommunications organizations that have moved into many countries, it's other financial services firms, accounting and law firms, advertising and public relations agencies and real estate developers.

What about small companies?

"Once there were corporations like ITT and Exxon, American-based companies that were described as multinationals because they had operations around the globe. Today, the marketplace is truly international and there is not any company that can afford not to think like an international player," comments Santanu Das, the founder and president of TranSwitch Corporation, a private company based in Shelton, Conn. TranSwitch designs, manufactures and markets high-speed semiconductor products and associated development support tools for wideband telecommunications applications. More than 50 percent of its revenue comes from abroad. Das, who travels to Asia and Israel the way some travel on the shuttle between New York and Washington, continues: "If you look at how the marketplace works today, one looks at any enterprise and recognizes that the manufacturing may be in Korea, the market in Europe and the distribution on Long Island."

The real estate market provides an example of how international experience and understanding is vital to success. A recent article in the *New York Times* reported that a New York City-based developer traveled to Hong Kong to offer apartments in a New York condominium. While the broker was successful in selling nine out of 48, three years earlier he had sold over 80. This smaller-than-expected number of sales he attributed to the

increased competition in Hong Kong: there were 31 other dealers offering properties, mostly in London, Australia and Canada, on the same weekend.

A partner at Lamalie Amrop International, the sixth largest executive search firm in the world, stresses that it is essential for executives to understand and have the ability to function in the global marketplace. To illustrate, he outlines a recent search for an individual to run the Singapore office of the Geneva-based subsidiary of a U.S. bank. The position was filled by a Swiss banker who, at the time, was working in Australia.

Lamalie, with seven offices in the United States, is a partner in Amrop International, a network of executive search firms in 32 countries including Canada, Europe, Asia/Pacific and Latin America. Last year it commissioned Harvard University to conduct a study titled "The New International Executive — Business Leadership for the 21st Century." Its purpose was to make clear how international business leaders perceive both the need and

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the requirements of the international executive. Approximately 1,000 chief executive officers, and other senior executives in over 30 countries from the public, private and government sectors responded.

The study found that the greatest demand for international executives is in the marketing and sales disciplines. The keys to success internationally are cited as:

- Becoming familiar with social and business customs as well as technical and regulatory issues. Subtle differences and nuances between countries can pose significant problems. For example, Americans are said to be less formal than Europeans in demeanor and dress. This more casual approach could be interpreted as a slight if, at a social occasion, the European hosts were dressed more formally than the Americans. Conversely, Americans may see Europeans as overly formal and unfriendly.

- Almost unanimously, 96 percent of the executives responding indicated that personal leadership qualities, including diplomacy and communication skills, were the number one guarantee of success internationally.

- The study also reveals that companies plan to recruit host-country nationals early in their careers, and develop them internationally for posting to their home countries. Other strategies include developing foreign language skills and training in international management courses. As a respondent noted: "It's vitally important for the company to develop people with a very wide perspective. Once the organization has developed these people,

they can contribute to the development of global rather than just national products."

Unibros (Holdings) Ltd. is a steel trading company founded by a man originally from Yugoslavia, who was living in Egypt when he set up the company. The company has eight offices in the Commonwealth of Independent States (the countries of the former Soviet Union) as well as in Austria, Canada, the Czech Republic, Cyprus, Romania, Hong Kong and the U.S.: Executives are from around the globe and comfortable working in a number of cultures.

Knowledge is power

As communicators, it is up to us to educate ourselves so we can effectively convey the information to internal and external audiences. *Knowledge is power*. Technology has given us new tools for accessing and disseminating information. It is up to us to design and incorporate the technology into our communication strategy.

Peter Drucker, in a *Wall Street Journal* article, suggested that one of our problems is too much data and information, and another problem is understanding what it is we need. He suggested the questions we need to ask are:

- What information do we need in this company?
- When do we need it?
- In what form?
- Where do we get it?

"The moment these questions are asked," he points out, "it

Small company uses strategic communication to maintain global presence

LARGE CORPORATIONS have the resources to carve out a global presence using communication techniques. But what about small companies? How can they use communication to help level the global playing field?

At TranSwitch Corporation, a Shelton, Conn. private producer of semiconductor products, Santanu Das, Ph.D., founder and president, uses a global communication approach to create what he calls a "larger than life image" in the worldwide marketplace.

One of the key elements of his communication program is a series of seminars based on issues facing his customers, many of whom are in the highly competitive telecommunications business. Das breaks his business world into sectors, then develops seminars drawing on his knowledge of how each area does business.

"We recently held a seminar in Brussels and invited all our customers in Europe," Das says. "We called it: 'New Era in Telecommunications Service Competition,' and we had top-level speakers from Siemens, AT&T, Alcatel and U.S. West. When customers and others see us producing seminars of this quality, it helps build the stature of our relatively small company."

Globe-trotting Das is taking the show to Israel, too, where the approach must be modified to suit the nature of the Israeli market. "Israel is much more export-oriented," Das says, "so our seminars have to relate to selling opportunities in North America and other markets."

Most recently, Das conducted several seminars in India, with the help of a local colleague. "India is like Europe in that sales are more technically oriented, but they want to know what's going on in the developing countries," Das adds.

Indicating how global presence can be developed on a modest communication budget, he adds that his entire trip to India was done for less than U.S. \$5,000.

The TranSwitch seminar program is augmented by a quarterly newsletter that goes to a broad-based mailing list of customers, prospects and financial media. It, like the seminars, is issue-oriented, to avoid making it simply a product promotion effort. Each of the four editions a year carries a specific theme.

And, to keep the company's name in front of the desired audience, TranSwitch issues a mini-newsletter every other week. It focuses on some TranSwitch event or occurrence.

Using communication techniques as an integral part of an overall marketing strategy, this relatively small company has realized dramatic worldwide growth with a tiny fraction of the budget of its giant competitors.

becomes clear that the information a business most depends on is available, if at all, only in a primitive and disorganized form. For what business needs the most for its decisions — especially its strategic ones — are data about what goes on outside of it. ... It is only outside the business where there are results, opportunities and threats. ... Few businesses have tried to get information about their non-customers, let alone have integrated such information into their databases. Yet, no matter how powerful a company is in its industry, non-customers always outnumber customers."

Jack Welch, chairman of General Electric, pointed out in a speech to employees that is quoted in "Control Your Destiny or Someone Else Will" by Noel N. Tichy and Stratford Sherman, "We've learned a bit about what communication is not. It's not a speech ... or a videotape. It's not a plant newspaper ... real communication is an attitude, an environment." And today, the environment Welch is speaking of is the world stage.

How to keep up?

While it is virtually impossible to keep up to date on a daily basis, it is important to read magazines like *The Economist* and newspapers like *The Financial Times* to gain different perspectives on current events. A major shift to electronic media as a source of news and information also has occurred. CNN, for example, is now broadcast in 140 countries and has an estimated viewership of 140 million households and businesses. More important than the numbers, CNN is now a major source of news for business and political leaders the world over. The British Broadcasting (BBC) Company just announced that it is starting a new station in the United States.

Another source for business information is Bloomberg Financial Markets. It provides multimedia, analytical and news services to more than 41,000 terminals at investment and securities firms in almost every country. The company also publishes *Bloomberg Magazine*, owns an all-news radio station, co-produces Bloomberg Business News and recently launched Bloomberg Direct, a direct broadcast television channel.

Personal observation is as important as reading and researching to understand what is shaping the marketplace and initiating trends. Discuss issues with journalists and with people from other industries and backgrounds who can offer you their perspectives on a problem or situation. This does not have to be dreary or dull.

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We believe it is important to turn a problem inside out, upside down and stretch it to its limits before attempting to shape a solution.

As you begin to get involved in a project that involves international markets, learn as much as you can about the culture of the country you are working with. Understand the business etiquette, habits and what's happening on the street, where trends originate.

Americans have been reluctant. As Lindley Clark points out in the *Wall Street Journal*, "The U.S. dominates the world ... in exports, culture, language and in any other area you can name. That may sound nice, but it's dangerous." He illustrates: "When the Japanese first tested the U.S. auto market after World War II, Americans weren't interested. The cars were cheap and they were rugged ... But they looked

like inverted bathtubs. So what did the Japanese do? They found some auto men who spoke fluent English and sent them to the U.S. to find out what cars Americans wanted. They found out, they produced the cars, and sold them to Americans." We all know how that affected the U.S. auto industry and the U.S. economy.

As Protocol International, a company that offers Intercultural training and business protocol reminds us, Americans see themselves as efficient, direct, competitive, action-oriented, outgoing, open and self-reliant. Others view them as abrupt, confrontational, materialistic, pushy, brassy, superficial, phony, insincere, simplistic, transparent and self-centered.

Government leaders plan their business strategies, and their wars, by watching CNN. Companies follow their global operations on interactive computer terminals and through programs connected by modem and operating 24 hours a day, seven days a week. As communicators, we are at the epicenter of change. Understanding how to manipulate the rough waters of the international economy isn't easy. Not making an effort is done at your own risk.

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