

The world is getting more interconnected

- Businesses and investors keeping close and regular watch on stock markets across the globe
- Keen interest on political developments in other parts of the world
 - US Presidential election
 - Jasmine revolution spreading across Middle East
 - Anti-corruption movement in India



Working Globally

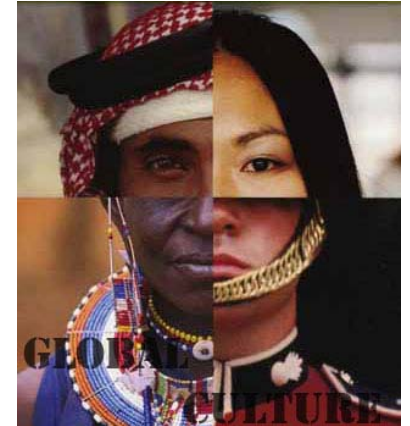


The single greatest cause of difficulties in global business is not a lack of technical expertise, hard work or good intentions. - - - It is a lack of 'People Skills' for relating successfully across style differences attributed to factors such as national culture, organizational culture, job function and personality.

- Ernest Gunding, Author of Working GlobeSmart

Understanding culture is as important as using the correct currency if we want to succeed in business today

Impact of culture on bottom line



- We will not succeed in global business today if we don't understand, appreciate and know how to manage across cultures
- Cultural diversity is not a slogan, its an everyday fact of workplace
- Our customers, colleagues and suppliers are from different cultures and we need to understand their values and behaviours to manage them, sell to them and satisfy their needs

How understanding 'culture' helps us?

- Organizations today have a global presence – Global Sourcing, Global Marketing and Global Mobility
- Global travel & cross cultural interaction involved for employees
- Cultures, values, beliefs, ideas, practices, systems, etc. differ across the globe
- One may be aware of the differences, but one needs to be able to bridge the cultural gap between & within teams to be able to function more smoothly as an individual, team & company in a diverse setting
- Accelerate the speed & efficiency of our projects & business processes through better understanding of culture and more equipped business styles & communication methods
- Reduce stress levels, processing time and probable friction between cross cultural teams during our interaction with them




The Lenovo Logjam

When Cultures Collide

Year 2005



- Lenovo adopts English as official language
- Hires Western Managers
- American CEO hired from 
- Laid off 10% of workforce
- Shifted marketing hqrs to Bangalore
- Attempted cultural remake overnight
- Replaced a popular Chinese Executive with an American

* "Lenovo Goes Global, but Not Without Strife" Jane Spencer and Loretta Wall Street Journal, November 4, 2008

Mc Donald's Success Story



- Excellent example of how an organization has used an appreciation of culture as a competitive business advantage
- Lessons learnt from **KFC** and *Kellogg's*
- The ability to adapt the business to be respectful of local tastes and values
- Menu customized to suit the local palates – no 'one size fits all' approach
- Developed relationships with local suppliers
- Culminated in increase of sales by 8.2% globally in the midst of recession in 2008

"We were born in the USA, but we are made in France, made in Italy, made in Spain, made in India" Denis Hennequin, CEO

* "Mc Donald's take Paris" Jacob Greshman New York Sun, July 2, 2007

The marriage that wasn't

Year 1998



- Most profitable car company in the USA
- 23% market share
- Employee strength of 121,000
- Valued over \$36 billion
- Reputed for low priced and high on design cars suited to American taste
- Company's culture valued innovation, risk taking and rapid change
- Egalitarian and less hierarchical



- Dominant niche German player in the luxury car market
- 1% of market share in the USA
- Disciplined, structured & formal
- Risk taking is not encouraged and perfection is the keyword
- Change came slowly and innovation was well documented
- The success came from producing well engineered and expensive cars
- Mercedes customers took pride in owning a status symbol

* "The Daimler Chrysler Merger" Tuck School of Business, Dartmouth 2002

The Daimler Chrysler Debacle



- The new company was headquartered in Germany
- Daimler's CEO took over as the CEO
- During merger Chrysler's employees were flying economy class for business meetings while Daimler's employees flew business class
- The two companies just did not make different cars. They did everything different – dress, decision making, working together, office manners et all
- Daimler was hierarchical, while Chrysler was a flat organization
- After one year of merger, a third of senior managers from Chrysler left the organization and the company started making losses
- Ultimately, Daimler sold Chrysler in 2007 for \$6 billion absorbing a \$44 billion loss.

The Indian stories

HCL and HP break-up (1989 to 1995)

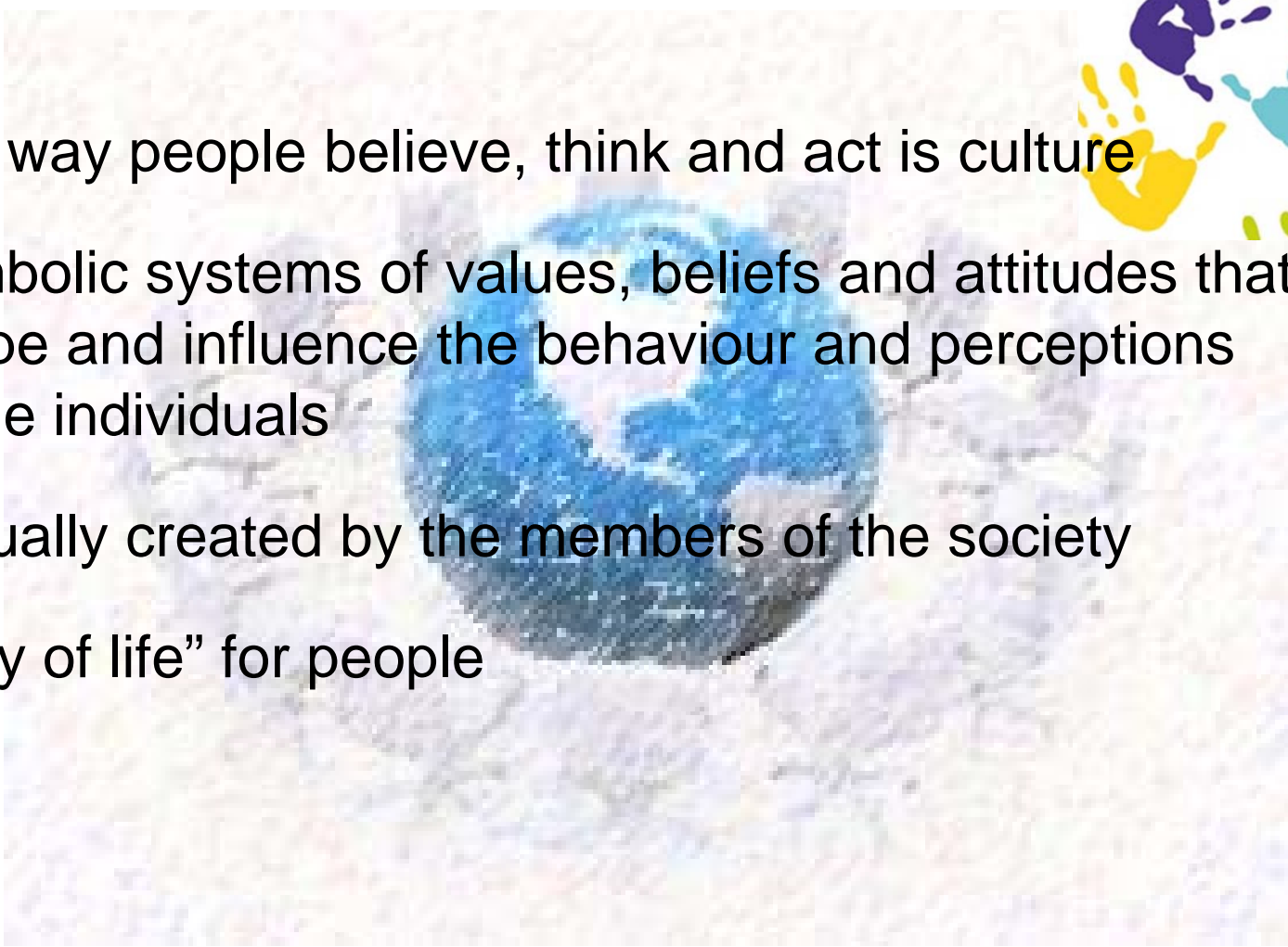


Godrej and P&G's divorce (1992 to 1996)

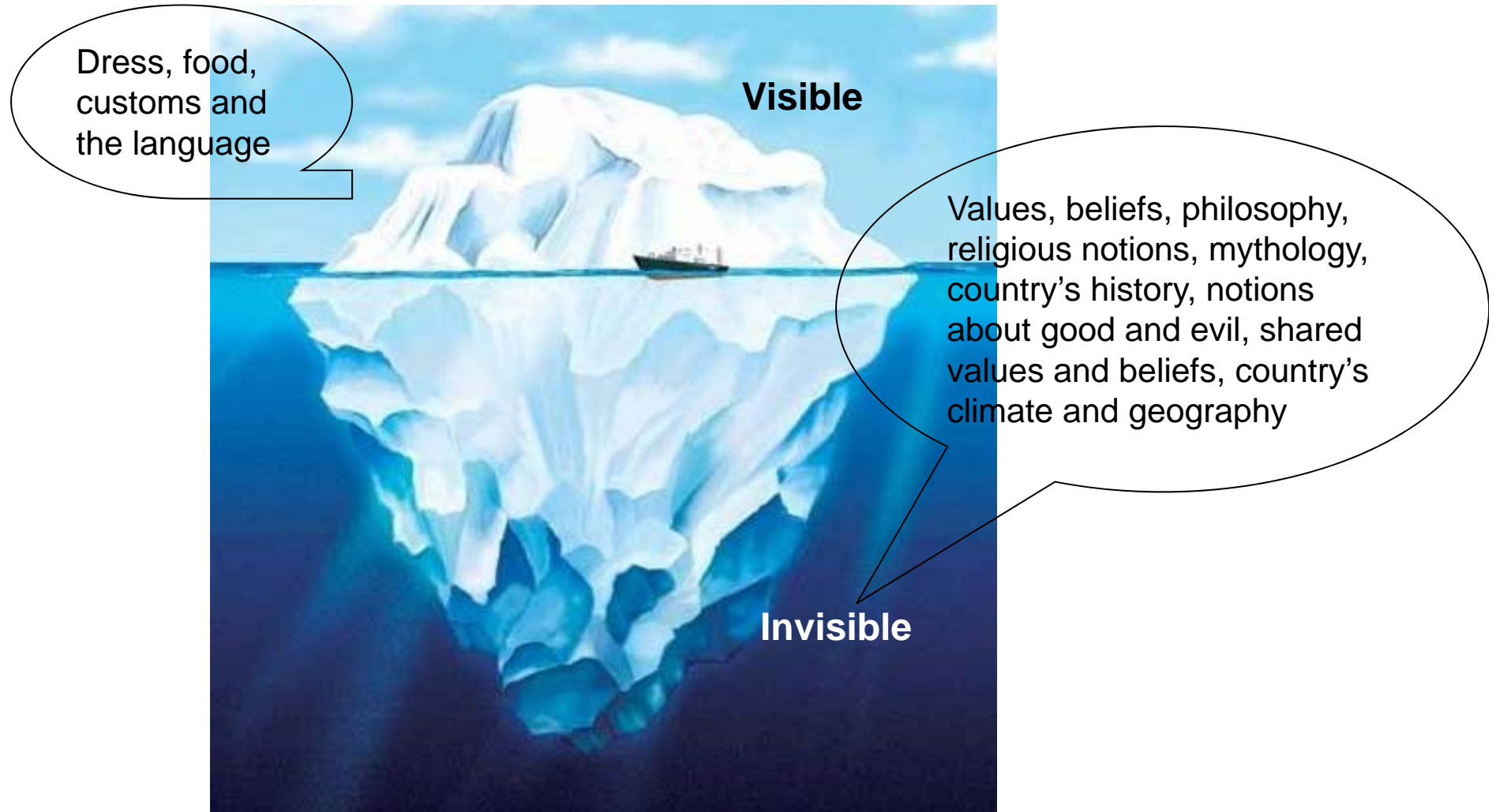


What is culture?

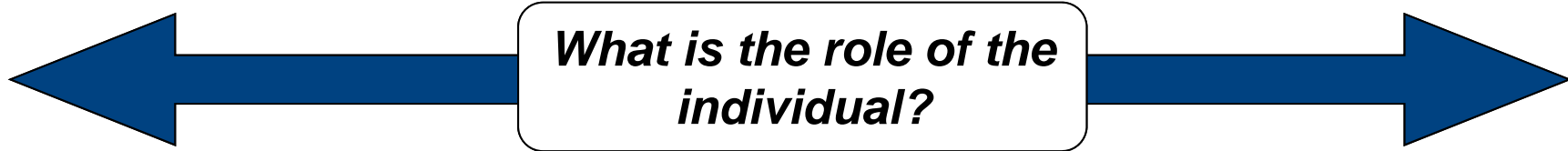
- The way people believe, think and act is culture
- Symbolic systems of values, beliefs and attitudes that shape and influence the behaviour and perceptions of the individuals
- Mutually created by the members of the society
- “Way of life” for people



The Iceberg Model of Culture



Key Dimensions of Culture: Independent ♦ Interdependent (Group)



Independent/Individual

- Independent action is a strong competency
- Identity tied to individual traits
- Individual decisions



Australia
Scandinavia
Canada
USA
Belgium
Netherlands

Interdependent/Group

- Group harmony and cooperation important
- Identity tied to group affiliation
- Group decisions (consensus among family, team)



Japan
China
Malaysia
South Korea
Brazil
UAE
Saudi Arabia

Key Dimensions of Culture: Egalitarianism ♦ Status/Hierarchy



Egalitarianism

- Equal to others in professional settings
- Work roles can be flexible, less rules and protocols
- OK to challenge the opinions of people in power



Australia
Scandinavia
Canada
USA
Israel
Netherlands

Status/Hierarchy

- Each role in hierarchy has its own code of behavior
- Status and position respected; Titles important
- Questioning opinions is seen as lack of trust



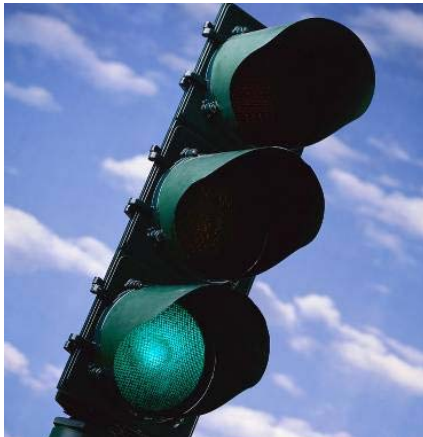
India
Japan
Malaysia
Saudi Arabia
UAE
China
Brazil

Key Dimensions of Culture: Risk ♦ Restraint



Risk (change tolerant)

- Demonstrate quick results
- Flexibility and speed valued more than thoroughness



Australia
Singapore
Canada
United Kingdom
Israel
Netherlands
Hong Kong

Restraint (change averse)

- Spend time on research before making change
- Establish proper processes and systems



Saudi Arabia
Iran
UAE
Thailand
Mexico
Russia
Philippines

Key Dimensions of Culture: Direct ♦ Indirect



Direct

- Concise, concrete, to the point
- Not afraid to “say it like it is”
- Difficulties confronted openly
- OK to give and receive “constructive” feedback



Australia
Scandinavia
Canada
USA
Israel
Netherlands
Belgium

Indirect

- Great attention given to how messages are expressed
- Preserve harmony in group
- Pay attention to saving face and preserving personal dignity
- Unwillingness to saying no



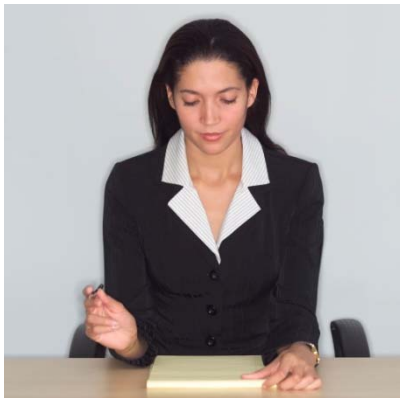
India
Malaysia
Japan
China
Singapore
Italy
Turkey

Key Dimensions of Culture: Task ♦ Relationship



Task/Transactional

- Relationship follows task
- Move quickly to task, get to know people later
- Being efficient, managing time



Australia
Scandinavia
Canada
USA
Switzerland
Netherlands

Relationship/Interpersonal

- Task follows relationship
- Relationship building critical to getting any job done
- Business relationships develop over time via extended networks



China
India
Iran
UAE
Saudi Arabia
Singapore
South Korea

Key Dimensions of Culture: Short-Term ♦ Long-Term



Short-Term

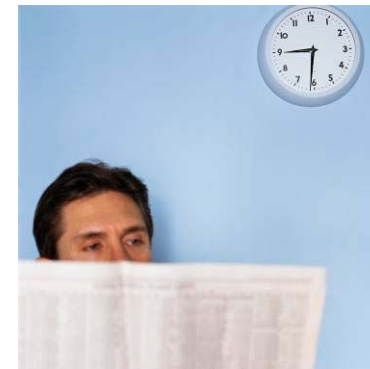
- Demonstrate immediate results
- Efficiency, speed important in decision-making process
- Goals and reports focus on one-month and quarterly plans



Australia
Scandinavia
Canada
USA
Israel
Netherlands
Germany

Long-Term

- Big picture, long-term results
- Thoroughness, discussion of possible outcomes are key
- Goals and reports focus on one-year and long-term plans



Saudi Arabia
Spain
UAE
Brazil
India
Malaysia

The Walmart Fiasco



- In 1997, Walmart decided to branch out its successful business model to Germany
- Walmart was a \$100 bn. Corporation with 750,000 employees with operations in 8 countries
- Walmart developed a business and customer service model that seemed to defy geography and appeared to be accepted internationally
- Walmart's management, marketing and customer service philosophy is extremely informal, friendly and egalitarian
- Walmart acquired a German retail business running 85 stores with all their employees to implement their business plan in Germany
- Walmart announced closure of its German business in 2006 after absorbing of losses of over \$ 1 billion

* "Why did Wal-Mart fail in Germany" Andreas Knorr and Andreas Arndt 2003

The Walmart Fiasco



What went wrong?

- Walmart staff greeting the German shoppers with smiles
- Staff help customers to find what they wanted from the products in the store
- German bosses in Walmart dressed casually and mingled with the staff though the culture in Germany is hierarchical
- Walmart imposed 'dating prohibition' as in the USA
- Walmart's non-union attitude ran against German's Work Councils
- In the German culture which is very formal - shoppers felt that it is an intrusive as individuals reserve their smiles for people they know
- Germans felt this as harassing and young women thought the staff were flirting with them
- The German employees felt that their bosses should have dressed more formally and should behave in a dignified manner
- The employees filed a lawsuit against the company
- This created unrest and local unions organized walkout in 30 stores creating bad publicity

***"With Profit elusive, Wal-Mart to exit Germany" Ann Zimmerman and Emily Nelson, The Wall Street Journal, July 29, 2006**

What is a culture toolkit?



- Involves a set of workshops and follow-up activities towards cross cultural training.
- **Objective**
 - Introduction to the **concept** & importance of **culture in a business setting**
 - Equip each employee to be **effective in the different cultural settings** they are exposed to
 - To help demonstrate **cultural sensitivity & intelligence** in different countries in order to achieve personal comfort as well as business comfort
 - To **facilitate awareness, analysis and action** in various cultural experiences

Web Tools for building Culture Awareness

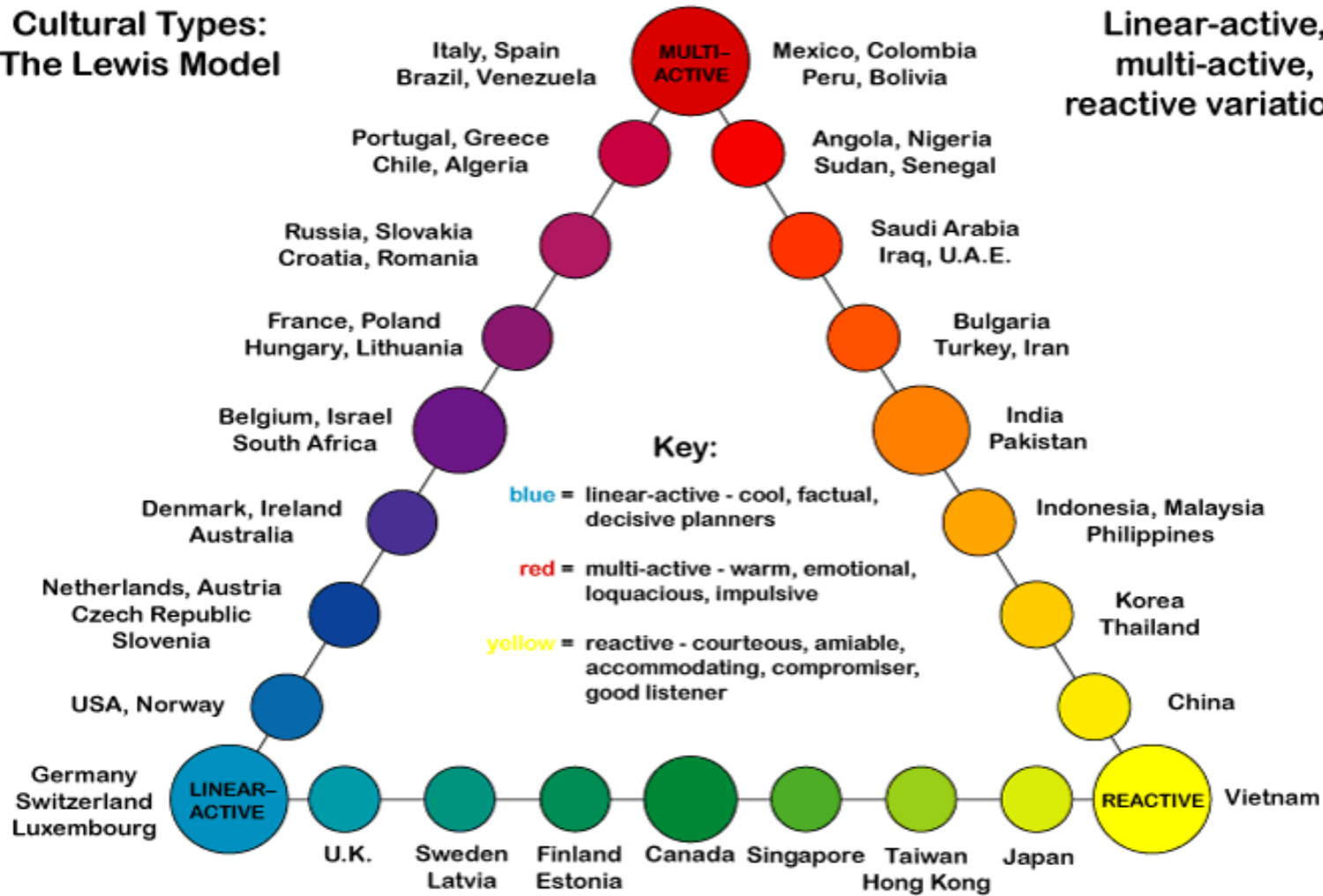
- Web tools that help us in bridging cultural gaps across geographies
- Key features
 - Brings global business knowledge (data about 55 countries)
 - Business communication, practices, culture, norms, language pronunciation etc. in different countries
 - Skills building tool (case studies, assessment tests, etc.)
 - Personal cultural assessment profile
 - Self awareness
 - Comparison to other countries
 - Comparison to other employees



Lewis Model - LMR

Cultural Types:
The Lewis Model

Linear-active,
multi-active,
reactive variations



A Word of Caution



- ***Do not stereotype people*** or have prejudices against them
 - Apart from culture, individual preferences and situational factors also governs the ways in which people perceive situations, behave and communicate with one another
- No culture, no people from “a” ***particular culture are good or bad.*** Do not approach them with preconceived notions
- Use these as a general framework to understand the behavior of others but do not make or break personal or professional ties based on these
- Just because you are trying to understand their culture, and behave effectively, do not presume that others will do the same. ***Be prepared for ignorance from them.***

No. 1 in Modern Energy



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