



GLOBAL

Going Global: What, How and with Whom?

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The term global strategy has a nice ring to it. Strategy-making is often seen as a refined discipline for high-level executives that focuses on marketplace and competitor analysis, ways to differentiate one's products or services and the allocation of limited corporate resources to create the maximum possible return on investment.

Questioning Basic Assumptions

Global strategies often go wrong, however, because the basic assumptions that underlie them are flawed. For managers who are new to global business and about

to embark on a strategic planning venture, here's an exercise to stretch the mind and prepare for some unexpected scenarios that another country may hold (see Figure 1).

Typical Strategic Planning Process

Most corporate strategic planning processes follow this pattern (see Figure 2, page 44):
a) Analysis: Begin with an analysis of the external business environment and the internal capabilities of one's own organization.

Figure 1. Strategy & Assumptions

Examine the items below – each of which incorporates a fairly standard business assumption in many countries – and consider alternative perspectives that people in a different country may hold. To view some alternative assumptions from several major overseas markets, refer to Figure 5 on page 46.

<u>Common Assumptions</u>	<u>Alternative Viewpoints</u>
1) Serving customer needs is the foundation of our business.	
2) The product with the best quality and price will win out.	
3) Time is money. We must get things done quickly and efficiently.	
4) Alternative viewpoints are good.	
5) Each country has an official government to deal with.	
6) This is a win-win situation, an expanding pie.	
7) The written contract is the final word.	
8) We have come to be helpful, to teach. Business is a positive, democratic force.	

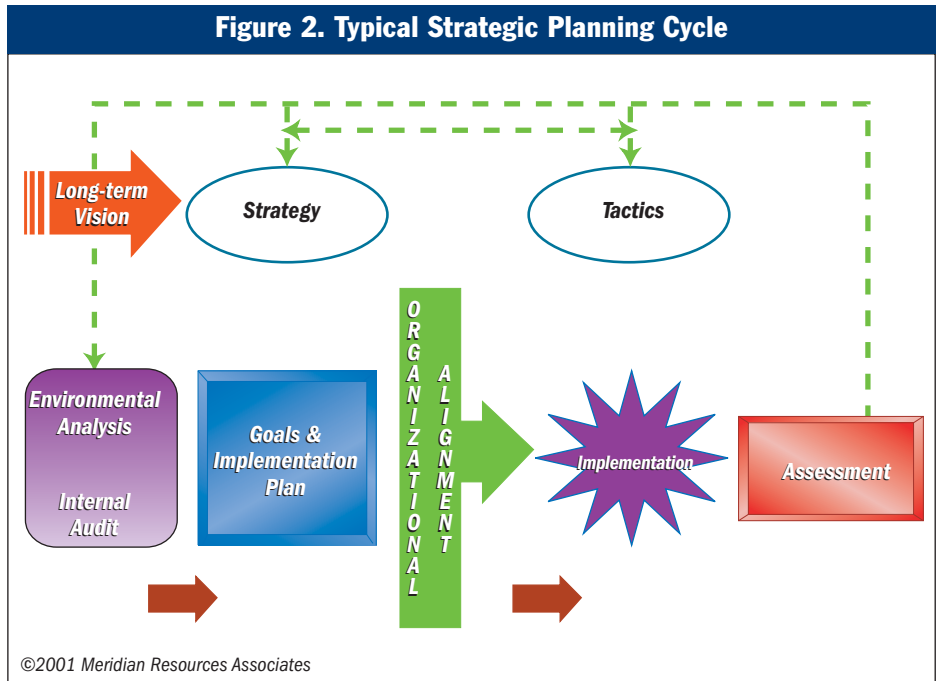
- b) Action Planning: Formulate strategic goals and translate them into action plans.
- c) Alignment & Adjustment: Align organizational resources, begin implementation process and make tactical adjustments as needed.
- d) Assessment: Assess implementation results and incorporate them back into the system to permit rapid tactical shifts or fundamental strategic adjustments.

What Happens in a Global Business Context?

When used in a global business context, this process often runs into the following problems:

What: The initial environmental analysis is frequently not broad enough to incorporate accurate information about local markets and customers, as these may be both distant and different from the company's home market. It is easy to think you know more about overseas markets than you actually do.

Who: The right people are often not engaged in the planning process. It is essential to get people who can provide accurate details and feedback on the local business environment, the capabilities of the organization, the strength of the



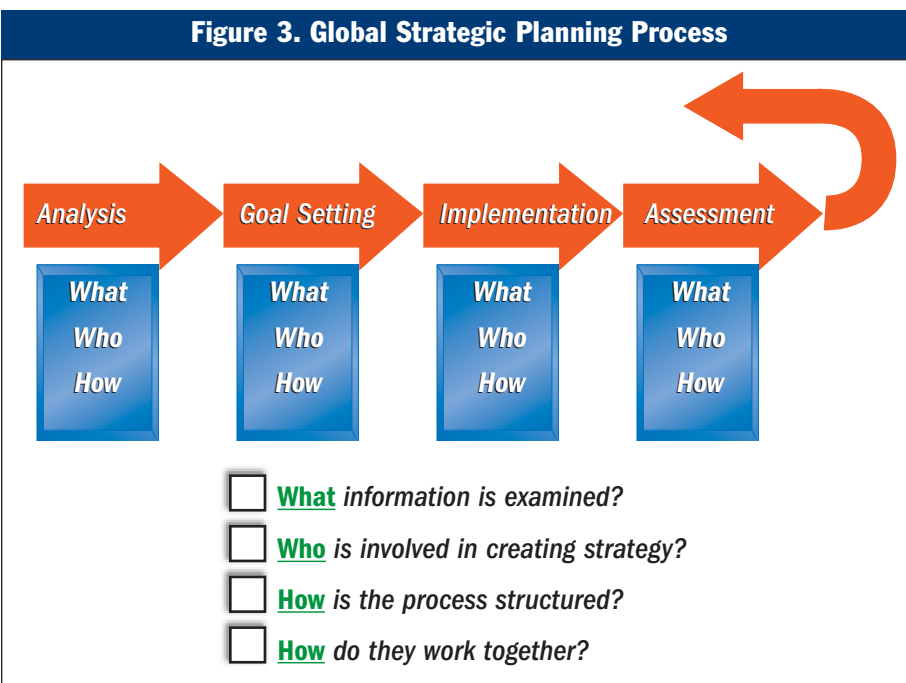
implementation plan and the results of implementation efforts.

How: The strategic planning sessions may not elicit the needed information because of the manner and style in which they are conducted. It is possible to invite all the right people yet still have a meeting dominated by a few. Vocal participants may fail to draw out vital information, while others don't speak up due to differences in language, communication style or hierarchical status.'

Although similar pitfalls exist even when coordinating strategy within the same country, it is particularly easy to get these elements wrong in a cross-border business context. Critical information is often neglected because it is not available through the usual market research, channels available in the headquarter's country. A key person may not be invited or informed because he or she is located in an office that is literally on the other side of the world and therefore out of sight and out of mind. Meeting participants from different countries each bring their own expectations about how the meeting should be held and wind up blaming others for "not contributing" or for "dominating without asking".

When the "what," "who" and "how" of the strategic planning process are not carefully addressed, a host of common issues can appear:

- Home market products or services do not appeal to customers in new environments.
- Local capabilities are inadequate to implement strategy.
- Local employee agendas run counter to headquarters' goals and directives.
- Lack of commitment to implementation produces unsatisfactory results.





THE FOREIGN GUEST IN ANOTHER COUNTRY MAY NEED TO SPEND TIME TO LEARN WHAT TO ASK FOR AND WHAT TO GIVE IN RETURN...THE PRINCIPLE OF MUTUAL BENEFIT REMAINS THE SAME, EVEN IF MUTUAL EDUCATION IS NECESSARY TO DETERMINE HOW THIS IS BEST ACCOMPLISHED.

- Limited assessment systems do not provide accurate feedback on strategy outcomes.

Especially in a global business, the 3 variables of what, who and how should be considered at every phase of the strategic planning process: environmental analysis, goal setting, implementation planning and the assessment of results (see Figure 3, page 44).

Strategy: With Whom?

In Latin America, Asia, Africa and the Middle East, relationships are commonly valued more highly in the decision-making process than are impartial facts or data.

Effective strategy in such places is often defined first and foremost in terms of relationships: "Here are the connections we have and this is how we are going to use them to grow our business." Relationships may be the best

available source for gaining access to key customers, collecting market intelligence, protecting intellectual property or winning government support.

The cultivation and sharing of these personal networks is a critical factor in determining business success in these cultures. Full entry into a strong network of relationships can make almost anything possible (see Figure 4).

Companies that are trying to enter or expand their presence in an overseas market would do well to ask themselves what their relationship strategy is. Here are some questions that can guide that inquiry:

- What relationships do we currently have?
- What are the key networks in this business environment that we need to access?
- How do people with influence in our industry regard our current employees (local and headquarters)?
- Is our company perceived as a short-term or a long-term player, as a localized institution or a foreign enterprise?
- What further relationships do we have to build and how can we build them?
- Do we know the right people in government and have good relations with them?
- How can we best work through this network to grow our business?
- How can we systematically integrate the information and resources that

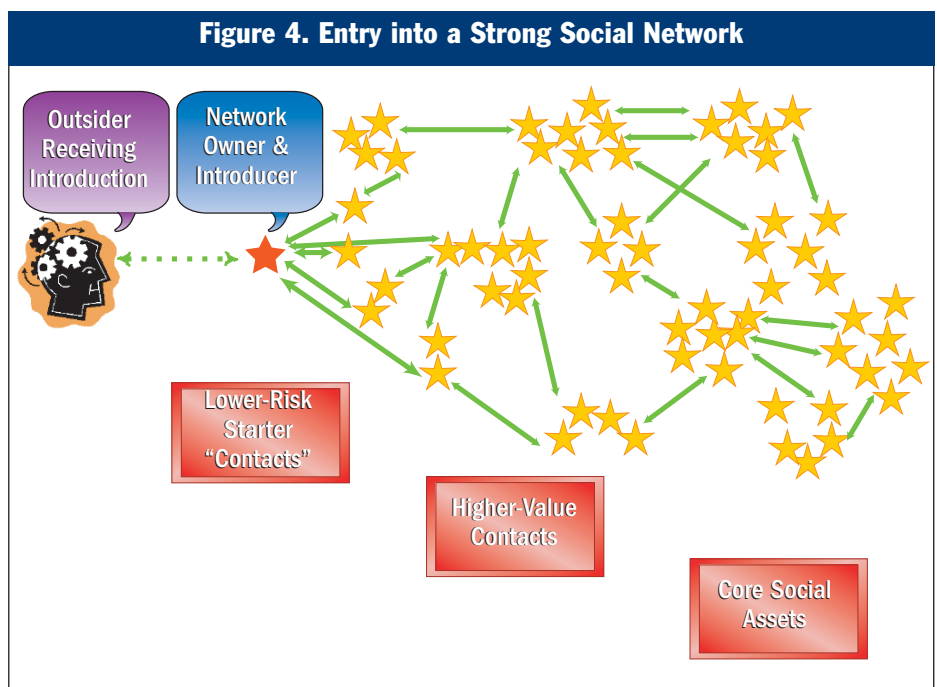


Figure 5. Alternative Assumptions

Here is a set of alternative viewpoints from various major overseas markets: China, Russia, Saudi Arabia and Southeast Asia.

<u>Assumption</u>	<u>Possible Alternative Viewpoints</u>
1) Serving customer needs is the foundation of our business.	<i>"Unless you can get government approval, your business project is dead."</i>
2) The product with the best quality and price will win out.	<i>"We have no relationship. We don't trust you. You don't take time to talk to us. Why should we buy your product?"</i>
3) Time is money. We must get things done quickly and efficiently.	<i>"We have been living like this for a long time. We can wait a little longer."</i>
4) Alternative viewpoints are good.	<i>"You are the boss. <u>You</u> decide."</i>
5) Each country has an official government to deal with.	<i>"Those are national regulations. I'm talking about the local government's policy. And of course the mayor has his own interpretation of that policy."</i>
6) This is a win-win situation, an expanding pie.	<i>"Nyet. What is pie? You are always trying to change the subject to put us at a disadvantage."</i>
7) The written contract is the final word.	<i>"But the situation has changed! You must be flexible or we cannot continue to do business together. Bringing in your lawyers is an insult."</i>
8) We have come to be helpful, to teach. Business is a positive, democratic force.	<i>"You have come to plunder our resources, to make quick money and move on, leaving us to pick up the pieces. We don't need your corrupt Western values."</i>

our local relationships make available into our strategic planning process?


- In what way can we add value to the relationships that we have or seek?
- What do others want that they do not currently have?

Different boundaries between personal and professional lives in other cultures can lead to requests that will sound jarring to some: "Could you help my son get into college?" "Please tell me what kind of gift I should take to the first meeting with your government contact." The foreign guest in another country may need to spend time to learn what to ask for and what to give in return. Yet the principle of mutual benefit remains the same, even if mutual education is necessary to determine how this is best accomplished. A relationship strategy will help in recruiting and retaining the right people, setting the



appropriate direction in the marketplace, obtaining the cooperation of government officials and getting unvarnished customer feedback.

A conscious and forward-thinking

relationship strategy can be combined in powerful ways with the strategic discipline of ensuring that a global analysis covers local details accurately, that the right people are engaged from all parts of the world and that the information gathering process is done in a way that allow those with different communication styles to actively participate. These steps will ensure that global strategy is more than just a fancy but hollow phrase. 

¹Nancy Adler, a professor at McGill University in Canada who has done pioneering research in this area, also refers to the 3 factors mentioned here as "scope," "representation" and "process."

This article has been excerpted from Working GlobeSmart, a forthcoming book by Dr. Ernest Gundling, Co-Managing Director of Meridian Resources. For more information, please visit www.meridianglobal.com or call 415-749-2934. Ernest can be reached at 650-712-0837 or egundling@meridianglobal.com.