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# Ten Steps to Prepare for Global Business Interactions

by Lothar Katz

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Let me break the bad news first: that “magic formula to doing business anywhere in the world” some people are looking for, it doesn’t exist. As Edison once remarked, “good fortune is what happens when opportunity meets with preparedness.” In case of global business, there is no one rule for dealing with everyone, so

Others argue that in international business we should all “just be ourselves”, assuming that since we’re all human beings, we react in similar ways anyway. Unfortunately, that argument falls flat on its face when put to the cross-cultural test. Business cultures around the globe differ too much to be easily addressed though any standardized approach, and the best of intentions get you nowhere if you cannot translate them into the sort of “cross-cultural language” your counterpart will understand. If you want to successfully expand your business abroad, be it through partnering, outsourcing, acquiring other companies, or building your own international organization, you will need to spend the necessary time to prepare individually for each of the countries and cultures you plan to engage with. Failure to do so before engaging often comes with huge penalties, from excessive start-up cost and reduced efficiencies to complete rejection and project breakdown.

Not to despair, there’s good news: it does not take a rocket scientist to get it right! Making your international engagements successful is easy if you follow a systematic approach. Here is a ten-step checklist that may help you in getting ready for any international business interaction:

## **#1 Realistically state your objectives**

As with any business initiative, start with the end in mind. Clearly define the goals and desired end state of your international engagement. This will help greatly when it comes to making some of the tough decisions you will inevitably face down the road. If you are clear about what you want to achieve, it will be easy to decide whether it is worth the price of admission, namely, the effort required to make your business interaction successful.

Be realistic about what you intend to achieve. Reviewing your goals with someone familiar with the target culture will help a lot. For example, if your objective is to win a significant share of a market segment in Japan within five years, starting from scratch, that may or may not be realistic. But if you are shooting for the same goal within only two years, any expert will tell you that you are kidding yourself. In Japan, fast changes in vendor bases rarely happen and successful business engagements require long-term commitments to the market. As an American, used to working in one of the fastest-paced societies in the world, you may find this difficult to accept. But the opportunity might still be valuable enough to make the required commitment.

## **#2 Understand your own cultural values**

This is the hardest part for most of us. Analyzing our own cultural biases is just not something we normally do. Although we embrace them and act in accordance with them throughout our lives, our values and cultural preferences are mostly invisible and often remain subconscious. Nevertheless, they are exceptionally powerful, determining the

way we interact with others and how we make decisions. They can become *huge* obstacles in cross-cultural interactions if we let them steer us without even noticing.

Not sure yet what this means? Let us explore it a bit. Everyone grows up with a set of cultural values that influences behaviors and beliefs about what's right and what's not. If you grew up in the United States of America and have not been extensively influenced by another culture, you may strongly support core values such as these:

- the autonomy of each individual to make his/her own choices, as opposed to submitting to group authority and decision making,
- the expectation that everyone should have similar chances in life, independent of family background and status,
- a commitment to the freedom of speech, allowing anyone to freely speak their mind even if they don't agree with what the majority of people think,
- the belief that action speaks louder than words, and that it is better to get going and correct the course along the way than to analyze a problem profoundly, letting a long time pass before taking action.

Accordingly, you may think it inappropriate if Indians arrange marriages for their children, nobles enjoy certain privileges in Latin America, the Chinese impose censorship on the internet, or the Japanese spend extensive time planning tasks and analyzing risks. Obviously, this is not a comprehensive list and not every American shares all of these values to the same degree. After all, we are all different. But, all of them are preferences shared by the vast majority of people who grew up within American culture. Any of these values may meet with much weaker support when polling a sample of people in a foreign culture. Many Asians respect group authority over individual autonomy, most Latin Americans think that one's family background rightfully has a huge influence on where one can go in life, people in some Asian cultures may view speaking one's mind freely a sign of immaturity, and few Japanese will ever launch into action before they and their group have carefully analyzed the challenge and planned their approach.

Being clear about your core values and preferences before interacting with other cultures is important. It is only when you know what really matters to you that you will be able to decide when to stand firm and when to compromise if the sometimes-inevitable culture clash happens.

### **#3 Understand the values of the target culture**

Once you mastered step 2, this one will be easier. You will need inputs from others, though. Either find a good coach whose insight into the fundamentals of the target culture is extensive, or take the time to read a few good books about it. You will need to understand people's orientation towards individuals and groups, their orientation towards time (past/present/future), achievement and power, what defines authority, and so on. All of this will help you greatly in defining your business strategy, bridging the communication gap, and building trust across the cultures.

In most countries, it is also advisable to learn a few facts about their history and cultural traditions. Not only will people appreciate the effort, which helps strengthen relationships, but it will help you better understand their values and beliefs.

### **#4 Decide whether to accept what you may not appreciate**

By far the biggest threat to the successful outcome of any cross-cultural interaction is the unresolved clash of conflicting values. All too often, such clashes result in low mutual trust and the appearance of win-lose attitudes between the parties. You, however, having already completed steps 2 and 3, now have the knowledge required to identify potential areas of cultural conflict, so you will be able to make conscious decisions rather than “letting it happen to you”. The importance of this step cannot be overemphasized. It is pivotal to the success of your future cross-cultural business.

Once you have identified potential conflict areas, you will get to choose how to deal with any conflict. You have three options:

- Don't engage. This may sound harsh, but at times it could actually be the right conclusion. Gaps between cultures can sometimes be too deep to cross, so if they are critical *and* if you have alternatives, it may be best not to engage. For example, if you value action orientation and “go-getter” mentality very highly and you are looking to hire hard-charging employees for a new subsidiary in Asia, you may not want to engage in countries like Laos and Cambodia, where most people believe they have little influence over what happens in the future. While workers there can be highly motivated, their attitudes towards achievement could nonetheless become a continuous source of frustration for you, likely causing ongoing cultural friction that could hamper productivity. You may want to consider alternative locations for your subsidiary in this case.
- Identify ways to bridge gaps. Being able to manage cultural differences gives you a distinct advantage when conducting international business. Through proper communication and trust building (see also step 7), you will be able to keep most cross-cultural issues from impacting your engagement. Sometimes the best strategy may be to bring up the differences openly. However, it is advisable to take that route only if your counterparts also command cross-cultural experience. In many other cases, the key to success will be to show respect and understanding for the other's values while explaining how your own ones differ. You will likely find that the other party is willing to reciprocate, demonstrating their respect for your own values. Both will help tremendously in building trusting relationships. While not eliminating differences, this will make them seem smaller.
- Decide to accept what you may not appreciate. Any great leader will agree that what matters most in business is the end result, not how you got there. This way of looking at things helps tremendously in intercultural experiences.

Let's look at an example: When starting a new engineering project in Germany, a local work team may spend considerable time on upfront planning. When they finally start executing after what might have seemed like forever, they usually move rapidly with high efficiency. American teams, on the other hand, may spend limited time in the planning phase of the project, starting to implement the work much sooner. Corrections to the plan will be made as necessary, which every now and then introduces a need for rework loops, slowing the progress. Which of these approaches is faster overall is usually hard to decide – they both have their pro's and con's. If you choose to focus on the end result, it may be much easier for you to appreciate the German approach in spite of its initial slowness, which conflicts with the strong action orientation found in American culture.

Mind you, the point is not at all for you to give up any of your own values when engaging in international business. However, by becoming aware of your preferences and making conscious decisions about how to deal with conflicts with the other side's beliefs, you can now effectively influence and control the outcome of your cross-cultural interaction.

## **#5 Learn about the other side's objectives, strategies, and common business practices**

As a good business leader, you would not interact with any other party without proper preparation. If that other party belongs to a different culture, you will need to spend more time preparing, but the approach will otherwise not be much different. The fact that you now work across cultures introduces an extra layer of challenges, so in addition to finding information that is specific to the other party, you now also need to obtain comprehensive information about the country and culture. Try to learn as much as you can about objectives, strategies, and practices you are likely to encounter, such as how people in the foreign country deal with risk and uncertainty, how they negotiate, how they make decisions, and so on. As before, seek the help of an experienced coach or read extensively to get the required information. The knowledge you acquire in this step can become your decisive edge when conducting business abroad.

## **#6 Familiarize yourself with local customs and manners**

*"When in Rome, do what the Romans do"* is sound advice when it comes to customs and manners abroad. Not knowing what is deemed proper behavior in a foreign country can be damaging. Inevitably, your credibility and perceived trustworthiness will suffer if you commit cardinal cultural sins. Little things, like publicly blowing your nose in Japan, taking notes on another person's business card in South Korea, eating with your fork in your right hand in France, or quickly calling a business partner by their first name in Spain or Argentina, can hurt your reputation, even when the business interaction continues. It doesn't matter much whether the interaction takes place abroad or at home. Few people ever manage to overlook what they have been taught to be improper behavior, so if you can, avoid cross-cultural hooplas even on your home turf. Fortunately, countless books and intercultural training courses are available to assist you with your preparation. Make sure you know everything you will need to know – but realize that you will not be expected to know *everything*.

## **#7 Define your strategy**

You defined your goals and objectives, you analyzed your own and the other party's values and beliefs, you familiarized yourself with the target culture. Now, you are ready to formulate a strategy for your cross-cultural business interaction. At a minimum, it should include these phases:

- **Initial contact.** How are you going to make the right contacts and get the relevant people to interact with you? In many cultures, for instance in several Arab and Asian countries, using an intermediary is a good idea. In step 5, you learned how to best establish credibility in the target culture. This is often critical for the ultimate success of your interaction. Be prepared for a greater challenge than in the U.S., where people are usually receptive to dealing with relative strangers once they see a benefit in doing so.
- **Trust building.** How are you going to move from the initial contact to the point where the other party trusts you enough to consider a serious business engagement? Again, this may prove more difficult abroad than at home. In many societies, businesspeople may not be willing to engage in negotiations before they have gained sufficient trust in their counterparts.
- **Negotiation.** How are you going to reach satisfactory business agreements while maintaining and deepening the other side's trust? What tactics are you going to em-

ploy, and how are you going to deal with negotiation techniques the other side is likely to use? These vary widely between cultures, so make sure to do your homework<sup>1</sup>.

- **Engagement.** How are you going to convert the initial interaction into a lasting business relationship, assuming this is your objective? In some countries, this can take a very long time, possibly several years. The rewards of establishing strong business relationships can be huge, though. Eventually, your business partners may be as committed to your success as they are to their own.

## **#8 Prepare your team**

Leadership is a team sport. Nowhere is that more true than in the cross-cultural field. Every member of your team will need to be sufficiently prepared for foreign interactions, going through a preparation process similar to yours. It is especially important to establish a cooperative culture within your organization, with people who understand the strengths and weaknesses of all parties involved. It is also critical to convince your team trust that all parties involved share the same set of objectives.

Otherwise, you may find that business relationships with a foreign partner can be severely damaged by someone on your own team acting in culturally clumsy ways. Numerous companies have experienced such situations, for instance when employees sent e-mails that foreign business partners interpreted as hostile. As isolated events within your own culture, most such incidents can be quickly resolved. In international business, however, they may have a deep and lasting impact, requiring extensive efforts to repair the relationship. Properly preparing everyone involved helps avoid this and is very important for successful international business interactions.

## **#9 Time your approach right**

Timing includes two components: when to start, and how much time to spend. A decision about the former needs to consider local work/off-work cycles. Trying to arrange contacts around Lunar New Year in China, Golden Week in Japan, or the July/August summer vacation period in Western and Southern Europe will be read as a sign of insensitivity and may hamper or even stall your progress. Trying to rush through the phases outlined in step 7 is risky and, at least in some cultures, can be outright lethal for the business relationship. Always keep in mind that the U.S. is one of the fastest-paced societies in the world and that most people you deal with abroad will prefer a more leisurely approach. In international business, it pays to be both patient and persistent.

## **#10 Engage**

Once you have completed the previous steps, it should be mostly smooth sailing from there. You are well-prepared for the cross-cultural engagement and will be able to control many elements that influence your success. A final caveat is that it is wise to continuously monitor your progress and the status of the relationships you are trying to build. Successful engagements are characterized by both sides feeling that the other is “different, but cooperative and trustworthy” throughout their interactions. If anything happens that adversely affects this feeling, you will need to take action right away.

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<sup>1</sup> For more on this subject, see “**International Negotiation: How Do I Prepare?**” The paper can be found on the web at [http://www.leadershipcrossroads.com/arti\\_inn.htm](http://www.leadershipcrossroads.com/arti_inn.htm).

## Conclusions

Preparing for global business interactions by taking the above ten steps requires time and effort. Cross-cultural business success does not come free. But the opportunity usually more than warrants paying the price of admission. To meet your business objectives, you will need to control your own destiny.

One question that is brought up frequently remains unanswered: *“Why me? In my cross-cultural encounters, can’t I simply expect the other side to do the preparation work, so they’ll understand what matters to me and act accordingly?”*

The answer is obvious: Yes, you can do that. It just will not work well. The ideal scenario is that both sides go through the proper preparation process to maximize the efficiency of the cross-cultural interaction. However, consider that if one side is prepared and the other is not, the former will always keep the upper hand. They will be better positioned to control the interaction to their advantage, they will know how to influence the relationship between you, and they will be in a much stronger negotiation position.

In other words, they will be in control of the interaction. Do you want your side to be that party?

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