

Perspective or International Eye

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“Synergy or Misery?”

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SYNERGY OR MISERY?

Multi-cultural coaching initiative enhances the success rate of global integration efforts

As the business world continues to globalize, it is becoming increasingly common for companies to establish foreign subsidiaries or enter into international joint-venture relationships. While managers are quick to tout the anticipated benefits and potential business synergies, they frequently fail to take a realistic approach to these relationships which are almost always culturally and personally complex.

Based on a 2001 global study conducted by KPMG, approximately 70% of cross-border transactions fail to add real business value. Indeed, approximately 44% destroy value during the first four years of existence (R Benz, International Issues in Mergers and Acquisitions). Interestingly, 60% of the shortfalls are due to cultural and human factors (Ibid.). This is why multi-cultural coaching initiatives can significantly contribute to improve business results and enhance the personal fulfillment of global executives.

Multi-Cultural Coaching

Coaching is a U.S.-based concept grounded in values like “constant personal enhancement,” “quick establishment of trust with a stranger,” and besides other things “discovering things for oneself.” Coaches who work in a global environment need to be aware that these values often don’t apply in other cultures, and adjust their expectations, coaching style and tools accordingly. It is also important to understand that the characteristics of a “trusted leader” or an “effective team” in other parts of the world are often widely different from U.S. ideals. For many coaches, the change from an ethnocentric to a multi-centric perspective often means to work outside their own comfort zone. Learning from interculturalists and anthropologists can significantly enhance a coach’s effectiveness and confidence in a global environment.

German-American-Canadian Post Merger Integration

Below I will describe how a coaching initiative successfully supported the post merger integration of a multicultural organization.

Situation

The client is the U.S. subsidiary of a German based automotive supplier with a manufacturing plant in Canada (\$300 million sales). One year before the coaching engagement the U.S. company acquired a former Joint Venture partner. The integration efforts had failed and the CEO had left the company. An integration team leader (acting CEO) had been established and with the approval of the German Headquarters, it was decided to establish a coaching initiative to support the integration efforts.

The search for a new CEO from the outside had started.

Coach Selection

For any coach to succeed in an international environment, it is important to understand how multinational organizations select their coaching partners. Based on feedback from the Global Integration Leader and the Managing Director from the German Headquarters, I was chosen for the following reasons:

- Business and cultural experience (dual citizenship, 7 years CEO in foreign-owned organization)
- Coaching experience with other international clients
- Professionalism
- Personal chemistry
- Openness and clarity during interview

“People trust what they know.” I believe that it is a key success factor that a coach is able to demonstrate during the interview that he or she understands or, even better, has experienced the national culture of the client.

Business and Coaching Goals

The following business goals had been established:

- Successful integration of a former 49% Japanese-owned joint venture partner
- Successful integration of an independently acting Canadian-based assembly plant
- Establish a North American Headquarters with a new organizational structure geared toward operational and strategic responsibilities with transparency and open communication.

During my initial conversation with the integration leader, we translated these business goals into six strategic coaching goals:

1. Establish and implement a shared corporate culture;
2. Refresh and expand the Integration leader’s global leadership and team-building capacity
3. Develop an effective, unified multi-cultural executive team
4. Increase the level of trust and open communication
5. Increase cross-cultural awareness and understanding
6. Implement key management practices (goal management, project management)

It was decided to divide the coaching process into two phases:

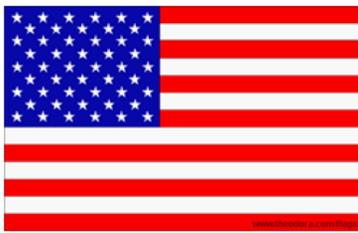
Phase 1: Focus on North American Headquarters;

Phase 2: Focus on Canadian Plant.

“Common sense” is almost never “cultural sense.”

The executive team represented four different cultures: Germans, Americans, Canadians and an Indian project manager. The charts below provide an overview about the main cultural characteristics of these cultures. Their differences add another level of complexity to the coaching process.

Cultural Characteristics



US

- Security from relying on oneself
- Improve oneself, Do what it takes
- Independence, Individuality
- Trust is easily given
- Quick, functional relations



Germany

- Security from being part of a group and avoiding uncertainty
- Make no mistakes, rules, order
- Hierarchy, Authority
- Trust must be earned
- Relations precede business

Cultural Characteristics



Canada

- Multiculturalism
- Tolerant, but critical of US
- Low key, uncomplicated
- Life and social balance
- Methodical



India

- Trust based on social status and position in network
- Much is outside control of individual
- Harmony (don't say "no")
- Relations often valued more than expertise
- Male oriented hierarchy

As a result of these differences the following core themes need to be considered during the team and individual coaching activities:

- A risk-taking culture (U.S.) faces a risk-avoiding culture (Germany), which specifically influences the decision-making process
- A “big brother” (U.S.) vs. “little brother” (Canada) relationship might be present which could impact leadership and acceptance levels
- “Facts-focused” cultures (U.S., Germany, Canada) meet “relationship-focused” culture (India)

While these core characteristics don't necessarily have to be present within the specific individuals on the team, it is helpful for the coach to be aware about them. It helps to interpret situations or behaviors on the right level (personal, cultural, organizational) and to adjust the coaching process accordingly (for example, time necessary for trust building and openness, etc.).

Coaching Process

Phase 1: North American Headquarters - 8 Months

The general process in a multi-cultural coaching project is the same as in a local initiative. We started with the leader, because according to Larry Bossidy (“Execution”), “Leaders get the behaviors they exhibit and tolerate.” To integrate two different organizations with a culturally diverse team requires a culturally and organizationally unbiased role model behavior. During a two day one-on-one coaching workshop, the leader reviewed the outcome of a 360-leadership assessment, increased the awareness about his cultural and personal motivations, established

core competences of a global leader, and defined his personal development goals and action plans. One week later he established the base measurement for his development goals through scaled feedback from his team members.

After four weeks of executive coaching we conducted a three-day off-site team development workshop. The first day focused on cross-cultural awareness and competence development, a process component only used in a multi-cultural coaching environment. Participants became aware about unconscious culturally based beliefs and behaviors of all nationalities on the team, which helped to “depersonalize” differences and to accept that there is “more than one right answer.” During the other two days, we focused on key team-building aspects (relations, directions, interactions), including first steps to develop the desired corporate culture elements. Defining specific team development goals and implementation plans, including a base measurement, completed the three days.

During the next 8 months, five half-day team coaching sessions and on-going individual executive coaching was provided. Goal evaluations for individual and team progress were conducted at the end of Phase 1.

Phase 2: Canadian Plant – 6 Months

A similar process was used with the Plant Management team and its German expatriate Plant Manager.

Roles of the Coach

During the 2 phases, I operated in four different roles.

- Coach
- Team Facilitator
- Cross-Cultural Trainer
- Consultant for Corporate Culture Development

Being present in all these roles provided more opportunities for coaching impact (“moments of truth”) and accelerated my learning about individuals’ interactions and the organization. Specifically, in working with smaller and medium-sized organizations, I consider this a benefit to reduce cost for the organization and increase or accelerate the coaching impact. Being educated in all roles is of course a prerequisite.

Results

“The coaching program clearly exceeded my expectations,” stated the Integration Leader by the end of Phase 1. By this time he had been promoted to CEO and the external search had been stopped. The North American organization was called “Benchmark in the Group” by the Managing Director of the German Headquarters, and 60% of the North American Headquarters staff described themselves as “aligned” or “fully aligned” with the new culture.

A cascading goal management system and a project management system had been implemented. However, it became obvious early in the process that it was very difficult for the Indian project manager to direct and influence his colleagues to adopt the new system. His

upbringing in an strictly hierarchical environment might have influenced his belief system in this topic and he decided to take on a position in a more traditional environment where authority and responsibilities are more aligned.

The following development results have been accomplished:

Personal growth of the leader

Improvement of integration leader in defined areas	90 – 180%
Improvement of plant manager in defined areas	60%

Team Effectiveness Alignment and Trust

Improvement of executive team in defined areas	40 – 100%
Improvement of plant management team in defined areas	115%

In the Canadian plant, “productivity growth” and “quality containment cost reduction” had been defined as the business measurement to reflect changes in leadership behavior and better team alignment.

Productivity growth: +10.8%

Quality containment cost reduction: -\$250000

“ROI” of coaching program: 22 (50% of improvement over one year)

Summary

Multi-cultural coaching programs can significantly help to improve the currently low success rate of international integration efforts, while at the same time paying back its own cost many times. It requires an understanding of leadership, about the importance of human and cultural factors in this process, and coaches who are able to work beyond their comfort zone and competence of their native cultures.

I believe the market for professional multi-cultural coaching is unlimited and lucrative. This work also fulfills the need of many coaches to contribute to the betterment of this planet by supporting the acceptance of cultural differences which is at the heart of peace and prosperity.