About this book

This book is the result of an ongoing partnership between Comau, a leader in advanced production systems and TCO International, a consultancy focusing on global people development strategy.

Skills in innovating, executing and collaborating across cultures are a pre-requisite for Comau's competitiveness: its projects are complex and require high levels of team integration across cultures to meet the demanding needs of its global customers.

This book is the story of how Comau is dealing with its business challenges in this context of cultural diversity and distance. The story is told through conversations, panel discussions, guest articles, case-studies, illustrations, frameworks, models and practical tools.

There are thousands of organizations around the world that face the same challenges as Comau and that is why we decided to share our experiences, insights, approaches and tools.

There are also hundreds of publications available on intercultural management and hundreds on Project Management. However, we think this book is unique in integrating the two fields from a hands-on perspective. Our intent is to be unashamedly practical. We want to give some ready-to-use responses to practitioners in the field who ask: *What can we actually do to manage the typical people challenges we face in our international projects and build a workforce able to thrive in today's interconnected world?*

The book will be of particular interest to global business leaders, international managers and Project Managers, HR and L&D professionals, team facilitators and training organizations looking for immediately applicable and systematic ways to increase the performance of global teamwork.

After two prefaces which set the content of the book in the context of culturally intelligent leadership and teamwork respectively, the first section, *The Multicultural Challenge*, looks at the challenge of delivering a project-based strategy in a complex, global organization. Here the story is mediated through the real voices of Comau's senior stakeholders and external consultants involved in the design of multicultural learning model, as well as testimonials from Comau involved directly in delivering international projects. In the second main section, *The Multicultural Toolbox*, we look at some key instruments and activities that can be implemented by Project Managers anywhere to manage the cultural challenge.

Finally, we believe that the issue of *Managing challenges across cultures* is paramount not only to the future of business over the next decades, but also to the future survival of our species. If this book contributes to how you, as a reader and user, can handle this issue more effectively in your organization… then the writing of this book has been a journey worth undertaking.

Roberto, *David* & *Ezio*

Preface

by *Domenico Bodega*

Perceptions about what it means to be a successful global leader have changed. No longer are the geocentric globetrotters, who were transferred from country to country to manage foreign operations, seen as being the epitome of good global leadership. In a world where cross-functional and interdisciplinary teams are not only increasingly the norm, but are also looked to, due to the very diversity of their perspectives and experiences, as a source of original thinking and innovative work, the challenge for leaders is to successfully recognize and utilize such differences. Just as leaders need to be mindful, attentive and sensitive to different communication and leadership expectations and norms existing across geographic borders, they should also be attuned to the attitudes, perspectives, and expectations about working together that come from different kinds of managers, professionals and practitioners.

The challenges faced by leaders of project teams and organizations continue to increase as markets grow more complex, traditional relationships are transformed, and the skills of workers become more varied. Everyone brings distinct tools, skills and knowledge, often from across disciplines and functions, which need to be integrated when working together on a task or project. But perhaps even more importantly, everyone also brings different expectations, mental models, and ways of solving problems together.

In order to survive in an increasingly globalized business environment, managers need to develop their level of "cultural intelligence". Cultural intelligence provides insights about individual capabilities to cope with multicultural situations, engage in cross-cultural interactions, and perform in culturally diverse work groups. Managers who possess a high level of cultural intelligence play an important role in bridging divides and knowledge gaps within an organization: educating their peers about

different cultures; transferring knowledge between otherwise disparate groups; helping to build interpersonal connections, and smooth the interpersonal processes in a multicultural workforce. Culturally intelligent employees also have the potential to drive up the level of innovation and creativity, due to their ability to integrate diverse resources and help the business make best use of the multiple perspectives that a multicultural workforce brings to the workplace.

Such abilities go beyond simply being intelligent, emotionally mature, and/or having good general social skills.

Cultural intelligence has three components that are linked in a virtuous cycle.

First, it requires a knowledge of culture and the fundamental principles of cross-cultural interaction that goes beyond rituals. The cross-cultural component refers to leadership in which the leader attempts to influence the activities and goals of a culturally diverse group by appealing to their systems of shared knowledge and meaning. Cross-cultural leadership recognizes the moderating effect that culture can have on leadership processes. It also seeks to discover the similarities and differences between cultures regarding what is generally considered to constitute an appropriate and inappropriate leader-follower relationship.

Second, the culturally intelligent manager needs to practice the ability to pay attention, in a reflective and creative way, to cues in the cross-cultural situations they encounter.

Third, based on this knowledge, the culturally intelligent manager needs to develop a repertoire of behavioral skills that can be drawn upon depending on their reading of a situation.

In building general as well as specific cultural intelligence, one can face new cultural challenges with increased confidence.

Among the guiding tenets of effective leadership today are ongoing self-reflection and self-awareness, and the central importance of forging a vision and purpose around which project teams and organizations can rally and work. Increasingly, as leaders bring together disciplines, functions and technologies to generate better and better creative solutions for clients and customers, these leaders also need to be more attentive and

adaptive not merely to the skills brought by diverse workers, but their different beliefs, intelligences, and ways of working.

Such attentiveness and adaptability has the makings of a new culture emerging from talent with different attitudes, experiences, and expectations.

This book presents an interesting opportunity for culturally intelligent leaders willing to more fully understand and engage in the many distinct creative cultures represented within their project teams and organizations. *Managing challenges across cultures* argues that all leaders should strive to become transcultural creative leaders and to be endowed with acute cultural intelligence. These leaders should have the ability to learn how to transcend their childhood acculturation; respect very different cultures; build cross-cultural partnerships based on mutual trust, respect and commitment; actively engage in cross-cultural problem solving and conflict management, and to help construct new cultures based around projects, networks and transitory organizations.

Comau is developing continuous efforts on "cultural change" with top management beginning with a few initiatives around methods and techniques: Project and People Management has been their priority. These initiatives led to significant behavioral changes that, in turn, revitalized Comau's culture while preserving and championing its strengths. For instance, Comau was specifically designed to reinforce employees' commitment to engineering and clients – reflected in the firm's history of responding quickly to new technology and factories.

Comau's story (which you can read about in a published book: *Project and People Management. An operational guide*) is unique. After all, cultures do evolve over time – sometimes slipping backward, sometimes progressing – and the best we can do is work *with* and *within them*, rather than fight them. Comau sees culture not as an impediment but as a competitive advantage – an accelerator of change. This is the original DNA of Comau.

Domenico Bodega
Dean
Department of Economic Sciences and Business Management
Faculty of Economics,
Università Cattolica del Sacro Cuore, Milan

Preface

by *Harold Kerzner*

For more than 50 years, we taught Project Management courses using the triple constraints of time, cost and scope. Almost all university textbooks illustrated this triple constraints concept in Chapter 1. Sometimes, scope was referred to as technology, which then included either scope, quality, or both. An important and often hidden assumption was made when using the triple constraints concept: that we understood the project personnel we were working within our Company as well as the client or contractor organization. Today, we realize that this assumption had significant flaws and failed to take account of other important constraints.

Companies today are working in a multicultural environment as a necessity for global growth. This is accomplished using either virtual project teams, partnerships, licensing agreements and joint ventures, or through acquisitions. The future of Project Management will be multicultural teams.

When expanding onto foreign soil, we must realize that there are additional constraints that should be included, namely culture and social behavior. A lack of understanding of these constraints can turn a potentially successful project into a financial headache. For example, the Walt Disney Company learned a hard lesson in Euro Disney, now called Disneyland Paris. Europeans believed that Disney was insensitive to their culture and social norms and this resulted in anti-American sentiment. Some people argue that Disney may have lost billions of dollars of possible revenue from Disneyland Paris because of insensitivity to cultural and social norms.

These norms are made up of several factors including: effective communications, management styles, the importance of job titles or classifications, reaction times to issues and etiquette practices. These are heavily based on soft skills training and every multinational culture, whether cooperative, non-cooperative, competitive or isolated has distinguishing soft skills characteristics. Failing to recognize this can lead to disasters.

In another example, an American and European company embarked on a joint venture to create a product. The European engineer was having great difficulty completing his portion of the work because there were technical issues exceeding his capability. The American company sent one of their best engineers to Europe to help him solve the problem and, for almost two weeks, the two engineers worked side by side for between 12 and 16 hours a day.

They were proud of the fact that they were solving a very difficult problem. A personal assistant to one of the executives in the European company approached the American engineer the day before he was to return home and told him that several of the European executives wanted to show their appreciation by taking him to lunch. He looked at the personal assistant and replied: "We'll be there for lunch." When the personal assistant took him to one side and explained that the invitation was just for him, he explained that, since it was his last day in the company, he would prefer to have lunch with the European engineer.

Whilst he believed that he was doing the right thing by refusing to go to lunch without his colleague, the European executives viewed this as a serious insult. They sent memos to their American colleagues stating their displeasure with what had happened. The European executives felt humiliated and took out their annoyance on the American executives.

In another example, an American automotive company purchased a European manufacturing company. The American company was a strong believer in Project Management and, immediately after the purchase, told the European company that Project Management would be used. The European executives refused to accept this, explaining that their European automotive clients did not recognize the need or value of using such an approach.

Rather than addressing the cultural issues first, the American company mistakenly tried to force the issue by saying that Project Management must be used in all divisions of the company. To make matters worse, they gave the European division three months to begin using Project Management in

compliance with the parent company's methodology. They also threatened to replace all European executives with American executives if this change-over did not take place. The Americans did not understand the cultural issues and made the situation worse rather than better.

Multicultural differences can exist even within the same company in the same country. The Senior VP of a Detroit-based automotive company instructed one of his division chiefs to begin using Project Management in the division, telling him that this would be happening throughout the company as a whole. A consultant was brought in to conduct a three-day session on Project Management and, during the lunch hour on the third day, the division chief met with him. He told him that, even though his employees liked what was being taught, as long as he remained the division chief and in charge, Project Management would not be used and he would still be making all the decisions. Having multiple organizational cultures in a single company is not good. If this company then wants to become multinational, the situation can only go from bad to worse.

Perhaps the worst possible situation is when a company performs a multicultural acquisition without understanding the cultural ramifications. Companies can grow in two ways: internally and externally. With internal growth, companies cultivate their resources from within and may spend years attaining their strategic targets and marketplace positioning. Since time may be a luxury, meticulous care must be given to making sure that all new developments fit the corporate Project Management methodology and culture.

External growth is significantly more complex. It can be brought about through mergers, acquisitions and joint ventures and companies can purchase the expertise they need very quickly via this route. However, once again, companies often neglect to consider the impact of culture on Project Management.

Mergers and acquisitions focus on two components: pre-acquisition decision making and post-acquisition integration of processes. Wall Street and financial institutions appear to be more interested in the near-term

financial impact of the acquisition than in the long-term value that can be achieved through better Project Management and integrated processes. Companies tend to rush into acquisitions and virtually no consideration is given to the impact that combining cultures will have on Project Management.

Several years ago, the American automotive industry decided to reduce headcount, beginning with the number of procurement specialists. The decision was made to allow many of their Tier 1 suppliers to have responsibility for more than one component of the car. This would eventually reduce the number of auto suppliers as well as the number of automotive procurement specialists.

The Tier 1 suppliers liked the idea. However, to make it work, they found it necessary to purchase other component suppliers in order to function as "chunk" rather than component manufacturers. The acquisition decisions were based on financial and marketing information and, unfortunately, the implementation effects were not given sufficient consideration.

One Tier 1 supplier immediately purchased two companies. Although purchases like this are often viewed as a merger of "equals", there is always a "landlord" and "tenants". In this case the "landlord" had a good Project Management methodology and wanted it used at both of the procured companies. The first of these accepted the methodology, mainly because they had a poor understanding of Project Management. The second company had their own Project Management methodology and believed that their approach was superior to the "landlord's". It took more than two years for all three automotive companies to agree on a common methodology. Most of the disagreements concerned cultural issues that did not surface until after the acquisitions were made.

To illustrate how even simple things like communications can create cultural issues, a European company embarked on a joint venture with partners in three other European countries. On one of the programs, representatives from four different countries had to work together on

common projects. In a team meeting, the program manager verbally gave all country-specific project teams instructions on what to do and they were told to report their results a month later at the next team meeting. At the next team meeting, three of the four project teams came prepared with the information they were asked to provide. The fourth team came in empty-handed. When the program manager asked them why they had not done what was asked of them, they replied "In our culture, verbal instructions are always confirmed with a follow-up memo confirming the instructions. Since we did not receive a confirming memo, we believed that you had changed your mind and we started working on another part of the project." This was an enlightening cultural experience for the program manager.

If companies wish to avoid many of the issues stated here, they must develop multicultural programs for their project teams. The teams must be provided with the necessary tools or toolboxes by which they can prevent these issues from affecting project performance. This book should be required reading for all multinational project teams. It explores the journey of one Company in developing global people "by design" rather than by trial and error. It also shows what can be done by partnering a specialist consulting practice (TCO International) with a Company whose success depends on delivering large, complex projects on behalf of its global customers (Comau). Finally, it provides immediately applicable tools for project teams to manage the often underestimated challenge of culture and distance. The time needed to read this book is measured in hours. The time needed to correct multicultural blunders could be measured in years.

Harold Kerzner
Ph.D.
Senior Executive Director for Project Management
The International Institute for Learning