

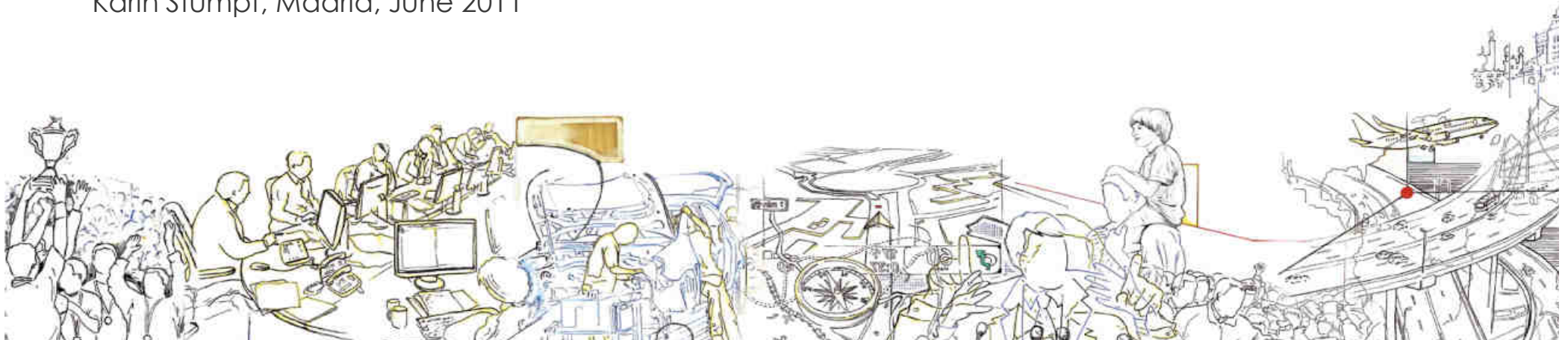


Standardization Across Cultures

Pitfalls and Lessons Learned in Three Different Multicultural Standardization Programs

Speech at the 11th International Conference on Management in Madrid, Spain

Karin Stumpf, Madrid, June 2011



Agenda

Relevant definitions

Introduction of the three standardisation projects

- Restructuring and reorganization after outsourcing - manufacturing
- Process and cultural merger – financial services
- Global alignment and reengineering of processes – media

Challenges of cross-cultural standardisation

- Reduced independence of the local sites
- Little budget is being allocated to change management
- Expectations of transformation programs differ widely across countries

Lessons learned in these change programs

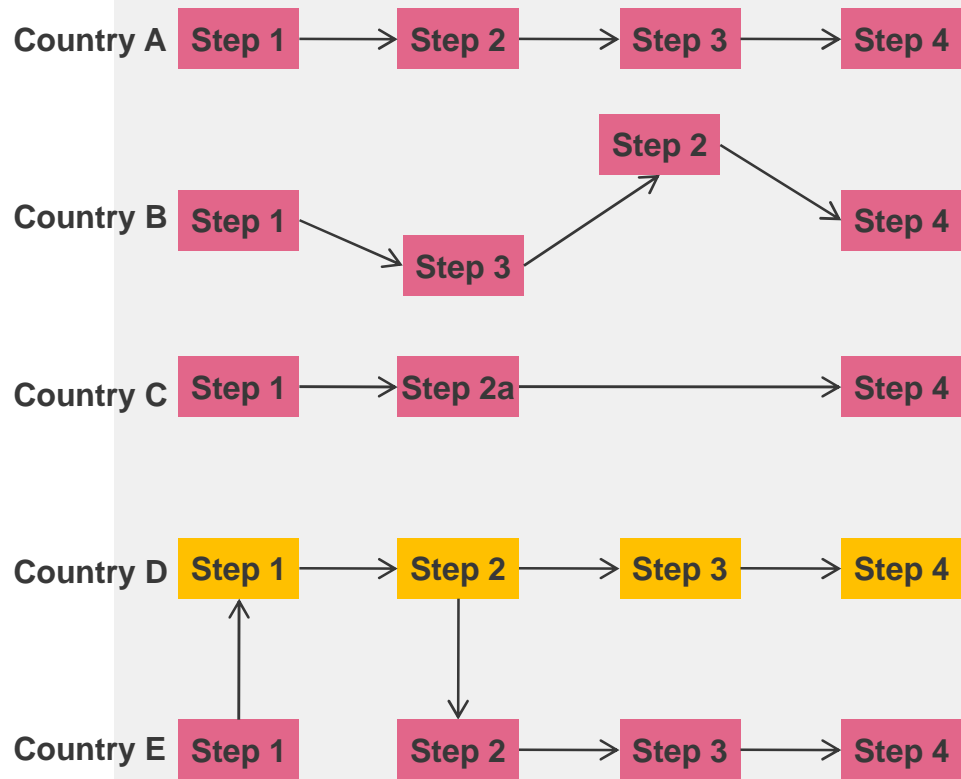
- Support and strengthen local change approaches
- Need for strong and visible global sponsor
- Creation of guidelines and framework to align outcomes

Management Summary

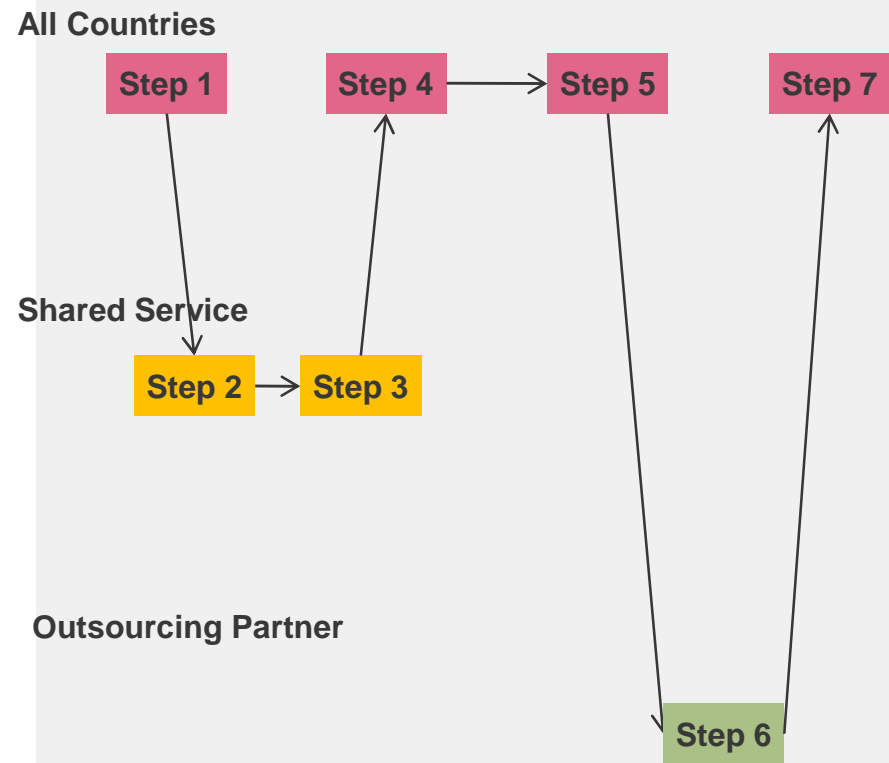
Relevant definitions

Standardization

Before



After

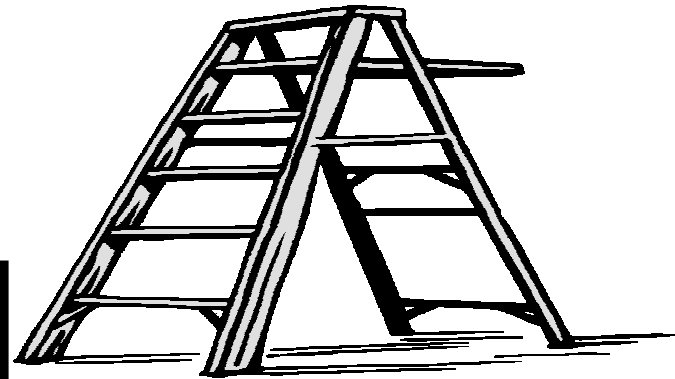


Relevant definitions

Multi cultural environment



National and ethnical background



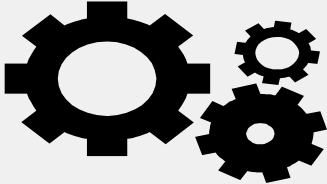
Historical development within company



Ties and relationship to company

Introduction to the three standardisation projects

Process and cultural merger – manufacturing

Company	Manufacturing Company around 30.000 employees Employees around the globe, relevant department mainly in North America, UK, Germany	
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Change Challenges

- Employees have just gone through outsourcing, more outsourcing activities to be expected
- More rigidity required to manage interfaces to outsourcer
- Major changes in roles and responsibilities lead to training needs

Change Architecture

- Centralized approach
- Set up of global 6sigma network
- Cultural and knowledge development program delivered by global management
- Monthly global conf call around new roles and responsibilities
- Supporting global communication plan with onsites and offsites
- Leadership program to develop leadership and governance skills

Introduction to the three standardisation projects

Process and cultural merger –services

Company

Service Company after a merger
around 60.000 employees
employees in the US, UK, Germany and Asia



Change Challenges

- Merger of two organizations with very different cultures and processes
- Strong cultural clash of Anglo-Saxon and German identities
- Merger overshadowed by economic downturn

Change Architecture

- Semi-centralized approach
- Brown-bag meetings to share product/process knowledge
- Team off-sites to discuss strategy and understand product portfolio
- Creation of a common (product) identity and top-down deployment
- Global communication plan with some local deliverables
- Regular employee survey to measure evolution of integration

Introduction to the three standardisation projects

Process and cultural merger – media

Company

Publishing company after massive growth, mainly due to acquisition
Around 20.000 employees
Employees spread over the world, but mainly based in Europe and the US



Change Challenges

- Strong individuality of the countries and even sites due to multitude of backgrounds
- Global process owners have little operational power
- Standardization and change management to be organized and financed locally

Change Architecture

- Decentralized approach
- Strong governance of processes through global process owners supported by local process owners
- Local deployments in phases with reusability of methodology and approaches
- Local change management planning and delivery
- Recurring global reviews to ensure alignment

Challenges of cross-cultural standardisation

Reduced independence of the local sites

Standardization means:

- Power is being redistributed
- Processes and procedures are more transparent
- Local sites have to change their way of working
- More rigidity, less flexibility in processes
- Decisions have to be aligned with HQ

Usual conflict situations to be observed:

- Local sites continue to work as before and try to sell local processes as global approach
- Alignment is only being asked by global program management
- Many decisions remain local
- Process documentation remains at high level, where “standardization” is easiest, but isn’t meaningful

Challenges of cross-cultural standardisation

Expectations of transformation programs differ widely across countries

Germany

Strong program structure expected
High intellectualization of change architecture
Seriousness and formality is key
Highly hierarchical
Development and learning experience one of the main objective of change programs

USA

Very emotional and less intellectual approach
Architecture strongly based on individual activity developed during brainstorming
Stronger basis support through e.g. change agents, strongly dependent on individual's involvement
Reducing resistance and increasing acceptance/motivation key aspect of change programs

Be aware!

The two following countries are just examples
The differences are highly stereotyped
Very often cultural differences are being used as excuses for a different approach

Lessons learned in these change programs

Support and strengthen local change approaches

Strong CM Local Approach

Recognition

Individual knowledge and history of local managers are usually as extensive as global change manager
Continuously get feedback from employees to actively acknowledge local change work

Flexibility

Don't define details of delivery, specify expected outcome
→ Change controlling should measure outcome, not delivery
Discuss specifics of budget requirements (costs of trainers, facilities, etc.)
Understand local culture, leadership and constraints to support flexibility adequately

Networking

Ensure regular meeting across countries
Share lessons learned and best practices across countries
Create cross-country working groups (around topics) to support knowledge transfer and support

Lessons learned in these change programs

Need for strong and visible global sponsor

Strong

Willing to make tough, unloved and clear cut decision
Politically well positioned in the organization to get necessary backing
Understanding of their role of “role model”, judge, and leader
Power to implement critical changes



Visible

High involvement to spend time locally in the different sites
Focused on motivating employees and managers for the new ways of working
Availability at all levels of the organization to understand issues at the basis
Positioning as change shaper and willingness to be recognized for success and failure of change

Lessons learned in these change programs

Creation of guidelines and framework to align outcomes

Do's

- Define global architecture and expect local change managers to adapt to local needs
- Align generic contents, but enable localization and highlight topics to be covered in local events
- Provide as much global frameworks as possible, but be open to changes
- Provide milestones for topics and specific format deployment
- Measure effectiveness of activities, without judging activity itself

Dont's

- Track individual deliverables based on your global architecture
- Spend time arguing on details, like best format, timing, approach
- Underestimate need for local change manager to feel ownership and pride for the work ahead
- Deploy global formats without reviewing with local change managers

Local Change Managers are the face of the change program!

Management Summary

Main objectives of standardization projects:

- to streamline their costs
- to better compare and optimize individual subsidiaries

But aligning across countries proves to be challenging:

- expected ROI is only seldom being achieved on time
- struggles between the centralized standardization department and the local organizations
- questions on the necessity of standardization

Successful standardization requires:

- a good balance between streamlining and pragmatism
- clarity on where to centralize and when to laissez-faire
- your objective: local change agents is culturally knowledgeable and aligned to minimal change architectural requirements

Examples from three companies/industries have been used to describe the pitfalls and lessons learned

Our Believe

Aligning Internal Factors to External Requirements

**Flexibility and the ability to adapt are crucial in order to excel
We believe that a strong and united internal focus on the workforce and key
stakeholders,
together with an in depth understanding of the external market environment,
are the basis for the sustainable success of global companies**

Our Approach

A Comprehensive Approach to Consulting

Environment

- Analyze your competitors,
- Understand how your customers and competitors are evolving.
- Enrich your strategy to better adapt to the changing world

Foundation

- Have clear objectives
- Value your market strengths
- Understand how much your organization can adapt.
- Captivate the support of your existing workforce

Direction

- Define a clear and concise strategy
- Set-up achievable and motivating goals
- Align executives and managers
- Involve all levels in the process to establish buy-in of workforce into the objectives

Structure

- Have a clear understanding of your product offering and market segmentation
- Set-up clear processes and a matching organization
- Continuously give your company a clear structure, even in time of transition





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