

Collaborating Internationally: What Businesses Need to Know About Going Global

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Interview Transcript:

Greg Elwell: Hello. This is Greg Elwell, your moderator for this expert interview on Collaborating Internationally, What Businesses Need to Know about Going Global. This interview features Brad Volin, President of Adigo, and his guest expert, Becky DeStigter, the International Entrepreneur. And I'd like to begin by welcoming you, Brad, to the interview today, and I'd like to have you introduce yourself and tell us a little bit about Adigo.

Brad Volin: Sure. Hi, Greg. Thanks a lot for having me involved. As you mentioned, I'm the President of Adigo. We are a premium provider of collaboration services, audio, web, and videoconferencing. We specialize with business professionals and executives and Greg, Adigo is a premium conferencing provider for busy professionals, and we believe in making the world a better place by connecting people and ideas worldwide. We feel really strongly about how much benefit we're providing our end customers in enabling their good work to continue worldwide.

We have a particular emphasis and area of expertise within international calling services. So we were particularly interested and excited to have Becky as part of this.

Greg Elwell: Great. And so Becky, let me ask you, as the international entrepreneur, what is that all about? What do you do?

Becky DeStigter: I'm an international business consultant and I focus on technology and professional services companies in business-to-business industries. And I work with them to help them reach their company goals through international expansion. So sometimes, that involves troubleshooting and international operations issue, or investigating new markets. Sometimes it's cross-cultural training, but my job is to help those companies be more successful.

And my background is I had a strategic marketing firm for six years. I have a Masters in International Business and an MBA. I speak four languages and I'm working on a fifth, and I like to roll it all together and deliver practical advice.

Greg Elwell: Wow, that sounds great. Really looking forward to this conversation today that Brad is going to lead, and it's on the topic of collaborating internationally, what business professionals need to know to get started. So with that, Brad, I will turn it over to you and your questions.

Brad Volin: All right, thanks. All right, Becky, well, globalization is all the rage now. We are constantly hearing about employment, rainforest, different climate change happenings. It seems like it's almost in every story people read about now. Tell us what it means to you. Can you define it for us?

Becky DeStigter: So I'd like to start, Brad, by just saying I think history will look back at this period of time as a major time of change and the two forces of this change are technology and globalization. On a macro level, I see increased economic, political, and social interconnectedness. And on a micro level, I see a lot of opportunity for anyone who is ready to look at international relationships, international markets. It's a force that can help lift people out of poverty.

The negative effects of globalization we hear about quite a bit and that's something that's going to need to be managed by the world societies, environmental damage, the greater divide between wealth and poverty, and resource allocation. So I think we can continue -- expect to continue to see these kinds of challenges as part of globalization as well.

Brad Volin: Sure. Sure. Interesting. Interesting. Thank you. Yes, when I think of corporate globalization, it's just such a vast topic. I mean there's obviously totally different regions involved between Asia, and the Pacific Rim, and then Europe or India, even South America. And just within our own client base, we see so many different reasons people are going global. Maybe it's low-cost manufacturing or technology development. Obviously, there's call centers now and sales are global for many, many companies. And then of course that impacts such different functional areas within an organization. And of course, it's always, though, touching in some respect IT. Can you share with us a couple of interesting examples that you're familiar with in some of these different areas?

Becky DeStigter: Sure. I'd like to start by just saying that I see a shift in how companies go international. It used be that companies decided to go international to leverage their internal competitive advantages. So if you had a lot of economies of scale, in other words, you could produce a lot of something cheaply, then you wanted to expand internationally to increase your production load, and sell more products, and take advantage of that low cost structure.

Nowadays, first of all, companies can start at much younger ages to go international, much smaller companies. But instead of just leveraging their internal competitive advantages, they leverage their external competitive advantages, primarily through partnerships. So just to give an example, a few years ago, there was a bioscience company from the States and they developed a new technology. And -- but they lacked their production facility and the experience in commercializing a product of their type and their space. What they found was a company in Singapore

that did have that kind of capacity and experience. So they were able to partner up with the Singaporean company and get their product to market without having to develop all of those -- that expertise and that capacity inside the company.

There's a lot going on right now in the Brazilian markets and in South America related to healthcare products and services. And a lot of American companies in the healthcare space tend to think that we're the only market of much consequence. But recently, a global healthcare consulting company I know of just relocated from the U.S. to a Brazilian headquarters. So I do think that there is a lot going on and I think entire functional areas are moving out into key markets to take advantage of that increased market elsewhere.

And I have a third example. It's of a manufacturing company based here in Colorado, which is where I'm from. And they make conveyor belt systems for the aluminum canning industry. It's a very specialized field and their systems are complex and they're just too heavy to profitably ship overseas. They are looking at setting up assembly operations in Asia to serve that massive market and I see that as a new trend away from offshoring manufacturing and importing back into, let's say, our market, and towards more regional manufacturing to serve the markets that are close by those facilities.

Brad Volin: Interesting. So globalization actually allowing companies to work more closely with their end customers.

Becky DeStigter: That's right. That's right. And I think that's a -- it's an interesting trend. I think it's a lot more sustainable as a model because you're closer also to the trends of your market. You're able to see on the ground what's happening, what the customer preferences are and you can respond more quickly to the market demands for localization, market demands for just capacity. And it's also more environmentally sound, rather than trying to ship everything from China or from the United States. So it's a -- yes, interesting direction that things are turning.

Brad Volin: Interesting. So certainly, going global as it may be termed, is significant and daunting probably for many companies. I know a guy I really respect, Craig Jarrow, he's the author of the time management ninja blog. And he says, you know, the first step in really anything is most important, just getting moving. And in his context, it simply means getting started begins with step one. So with respect to globalization, what's the first step that you see companies doing in order to start the process of going global?

Becky DeStigter: Well, what I see typically is globalization starting from a reaction to the demand the company sees. So if a customer comes to your company from Japan and says, we're really interested in your product. We're willing to pay all the related shipping costs to get it to us, can we be your customer. Well, most companies say, well, sure, I'll be glad to take your money.

Brad Volin: That sounds great, huh?

Becky DeStigter: Thanks. But I think that -- and then that's usually the introduction is, oh, and by the way, we have this Japanese client. Oh, by the way, we wound up having this German client too. And then at some point a company realizes, hey, maybe there's something we don't know about. These are customers that are taking the time and energy to do their own sales process and come to us as a conclusion, as an answer. What about those clients that don't know about us yet? Maybe we should be looking at international markets?

So that's the typical path that I see. What I think is a smart way to do it, especially if you do have more limited resources, is to start by asking questions and challenging your assumptions. And what I mean by that is I see a lot of companies who either assume that a market is just like our market and responds the same way, when it might be actually different. An example of that, for instance, would be educational products in China. If you sell something that is a service or product related to helping a child succeed in school, that service or product is highly valuable in China and a Chinese family will pay a much higher premium for that product likely than their American counterpart, for instance.

Brad Volin: Interesting.

Becky DeStigter: Because the educational system in China is much more competitive than ours to get into top schools and since everyone has one child, or that's changing now, but in general people have had one child, the parents and the grandparents pour resources into that child and particularly into anything related to their education. And I think American education related companies don't always see that opportunity.

Brad Volin: Sure. Interesting. So what are some of the different phases companies will go through, say, for example, when approaching a sales opportunity like you've described?

Becky DeStigter: Sure.

Brad Volin: A new international sales opportunity, I should say.

Becky DeStigter: I think that, like I said, what I normally see is this reactive approach, at least in the beginning, but that the phases that I think make more logical sequence for companies and save a lot of time, money, and headaches is to always start with that investigation. It is asking questions. It is doing research and it's even doing research on a potential client. Is this somebody who's going to pay me because that happens too.

Brad Volin: Sure. Due diligence is required, I imagine, all around.

Becky DeStigter: It does. It does. And one of the interesting differences between how Americans do business and how a lot of the world conducts business is we tend to look for the financial opportunity and the product feature function fit first, and then after the contract is signed then we might build a relationship with that person over time just through interactions. But the rest of the world, for the most part, builds a relationship first and then does business. So it is a --

- Brad Volin: You hear that over again, it seems like the Americans cut to the chase just too quickly, huh?
- Becky DeStigter: Well, it's just a different way of doing business. I do think it works in the American context, but when we try to apply it to the rest of the world, it normally backfires. And we tend to take a financial bath for having done it that way. So and then after that investigation phase, I think if you're looking at least at a market, you should look to planning. Work through the numbers, what's the right entry mode, how should you go about it, should you use distributors, should you go in on your own, should you partner, and what are the costs involved. And then I think it's a good idea to start small, in a small phase. I come from technology, so a beta for instance, a beta phase, just to see how it goes and to build on that success and lessons learned.
- Brad Volin: Great. Great. Becky, we mentioned that IT is always touched regardless of the functional group involved. How are communications specifically impacted? For example, what role would conference calls have?
- Becky DeStigter: I think conference calling is incredibly important. You just can't always be there in person and nowadays, cross-functional teams that are located all around the world are the norm, not the exception. Yet those personal relationships with partners and with colleagues are such a key to success. So I think that it's important to have the best technology you can get for clear communications because otherwise there may be unnecessary misunderstandings. Misunderstandings are likely to happen anyway. It's part of the navigation of international business, but any issues you can avoid just streamlines projects and processes and just makes the whole organization more effective.
- Brad Volin: Sure. Well, let me ask a follow-up question on that. Obviously, it's always hard to establish and build a relationship just over the phone and internationally it's going to be more on the phone. How do you recommend doing that? And what types of conference call etiquette should be followed when there are different cultures and nationalities involved?
- Becky DeStigter: Oh, sure. Sure. Well, one thing that's important is to do a little research on the cultures that you'll be working with and know what are the cultural taboos involved. And I think it's different when you're conference calling with one culture versus a multiculture call. I had a good friend that she has a cross-cultural team from around the world dealing with sustainability marketing. And she had team members from Mexico, and Korea, and over in Europe, and the Europeans would chat it up, and no one else would really speak. And she came to me and asked, well, why? How do I get everyone to participate? How do I hear from everybody, and particularly if there are problems, how do I hear?
- And so we started to set up some norming for them so that they could understand each other better. One thing they did was they formalized it. We tend to be a very informal culture and some of the quieter cultures are more formal.

Brad Volin: Interesting.

Becky DeStigter: So to have more structure. Here's the agenda. Here's -- you will have your turn to speak. This is what will be covered. This is your relationship to the others, your peers. I am your superior because that was more comfortable to have that kind of structure. Also, she took time with, individually with the quieter groups, particularly the Mexican team, and connected with them on a separate call to build rapport so that they would feel more comfortable with her and they would feel more comfortable participating. And so what she did was she actually went out and started watching Mexican soap operas.

Brad Volin: Wow.

Becky DeStigter: Because her team was a team of women in Mexico and nothing bonds a group of Latin American women like Mexican soap operas because everybody watches them. So she could say, okay, wait, wait, now why is Diego mad at Manuel? And who is so and so? And how is -- what's his relationship to so and so? And these ladies were like oh, okay, okay, we'll tell you. And then they explained it all and that kind of got the ball rolling, and pretty soon they had rapport and the conference calls were greatly helped.

Brad Volin: Interesting. And so clearly, there's hundreds of countries and the last thing we want to do now is stereotype or generalize. But along those lines, can you give us some examples of maybe a couple, three different types of cultures, and maybe how they typically would be on a call or what their -- the appropriate etiquette might be?

Becky DeStigter: Oh, sure. Sure. Okay. Let's start with China because China may be its own culture, but it has some similar characteristics to some of its surrounding countries. For starters, the Chinese don't like to share problems in a group setting. So if you say, are there any issues with the operations in China, no, no, no problems, no problems.

Brad Volin: Sure.

Becky DeStigter: Even if there are huge problems.

Brad Volin: Interesting. That's a big no-no, huh?

Becky DeStigter: So it's -- yes. It's losing face. Everything or a lot of things in China revolve around either keeping the harmony or saving face, and that would lose face, and lose face for the team. So what you need to do is you need to develop a trusted relationship on the Chinese side and then ask privately, off the record, this won't be reflected of you, what's really going on, and they will tell you. But it does take that relationship building first to make that piece happen.

The other thing that's a real taboo in Chinese culture, Japanese, Korean, a lot of cultures is not to single someone out in the group either positively or negatively. So for instance, if Ching-Yen (ph) was outstanding last

week and managed to save the company \$1 million, don't point out that Ching-Yen did this. You can say your team saved \$1 million last week. Everyone on the team will know it was Ching-Yen, but you don't want to single her out because singling her out loses face because she's a part from the group. The Japanese expression is the nail that stands up gets hammered down.

Brad Volin: Interesting.

Becky DeStigter: And the same goes for reverse. If it's negative, you also wouldn't want to point that out. You would -- you can scold a team. You can praise a team, but you can't praise or scold an individual.

So another example at another location would be India. Now, in India, it is common and they're a very hierarchical structure that when someone makes a mistake, they will get chewed out, in American terms, excessively by our standards. So as an example, if you did something wrong I would turn and say, Brad, I can't believe you did this. And then I would go on a tirade, probably yelling for maybe 10, 15 minutes, longer if it was more significant. And of course, for Americans and Western Europeans, and Canadians, Australia, New Zealand, Latin Americans, that does not go over well at all. But in the Indian work culture and certainly in this -- in a conferencing environment, what the boss is saying is I care about your work. What you do matters. So it has a very different message in culture compared to out.

So how you deal with that is up to you, but that might require some coaching to help get that person in line with more global norms I would say.

Brad Volin: Wow, just fascinating stories, Becky. This is really interesting.

Becky DeStigter: Where else would you like to learn about?

Brad Volin: Yes, yes. Well that's a good segue. Let's talk about how things have changed. Because I think many people in the last decade have heard about going to China, for example, or for manufacturing of course, or outsourcing call centers. But what's happening now? What trends are you seeing currently?

Becky DeStigter: Okay. All right. I see the low-cost manufacturing has -- is moving out of China to lower-cost markets. The low-cost marketing that's on the extreme end, usually textiles, they moved a while back. But now, we're seeing more move out to Bangladesh, Cambodia, parts of Africa. So where China is positioning is they want to be -- they want to be about technology and they want to establish brands. So that's been an interesting trend that's been going on. We talked about the regional manufacturing and I think that's a trend that's here to stay.

And then I would say the third trend that I see, that I think is really interesting is I see global talent shortage coming. And it may not always be in the places we think it will be. It may not be the skill sets that we

would currently identify. But it is coming and it's something to watch, particularly on skills, and education, and training side for us locally.

Brad Volin: Interesting. So Becky, tell us about some of the missteps you have seen? Is there anything consistent or traps that you often see companies fall into when they're first approaching a globalization effort?

Becky DeStigter: Oh, where do I begin? I would start with the number one issue I'm seeing right now, particularly in technology companies, which is companies avoiding going to either international or to a specific markets in order to protect their intellectual property. And what's unfortunate is it has the opposite effect. It's sort of like the burglar who goes down to your street casing houses. They're looking for the house that's on vacation and not the people that are home. So I think that's a misstep that I often see. Second, I think is assuming that a contract is the basis for a business relationship overseas. In many places, it's not. A personal relationship with your counterpart is actually the foundation and I would argue that that's actually a stronger foundation and much more flexible as conditions in country change.

The third misstep that I've seen is assuming that you need to do it all yourself, instead of partnering. You need to invest time in that partnering relationship, but it is a way to extend to other companies competitive advantages and make them your own. And I would say fourth, assuming buying behavior is the same here as it is elsewhere. A lot of companies look for that -- that country list of GDP per capita, high-income countries, but behavior isn't always the same. For instance, I know a lady who designs handbags as her company in New York City and she can sell a handbag in New York City for \$400, but she can sell the same handbag in Japan for \$800. And actually, high-end fashion is the only recession proof industry in Japan, ladies fashion, high-end fashion.

So I think that's something to look at is the buying behavior. And finally, assuming that things will stay the same. A few years ago, we would never recommend that anyone go to Central Europe. It was a mess. And now, we definitely see a great resurgence in that region. So whatever you knew from a couple years ago or even six months ago, it's good to revisit again.

Brad Volin: Interesting. As you talked through those different examples, I was thinking it's not much different than how you would think about your business even locally or regionally in your own country. These are all things that executives consider and clearly what you're saying and suggesting is that the approach needs to be the same when you go global. Just like you would at your business domestically, you need to consider all aspects internationally as well. Well, that's neat. Let's maybe on the flip side talk about some of the opportunities or low hanging fruit that you see. Tell us where companies should be targeting currently.

Becky DeStigter: Sure. Sure. Well, if your company has never gone international before, Canada is a great market and an easy first choice just because of a lot of similarities in how they're business environment acts and responds. There are differences but not as many as heading out to Kazakhstan or

another part of the world. And then we're seeing a lot of market growth in Africa and Latin America. So depending what your products and services are, those are up and coming markets, high economic growth rates, and are probably worth taking a look at depending what your products or services are.

And then in terms of industries, certainly more services are heading into international markets. Healthcare is globalizing rapidly and if you have a company that is technology or manufacturing based, you really should already be in international markets. And if you're not, it's definitely time to get on that.

Brad Volin: Well, great. A couple surprises in my mind. I wouldn't have considered healthcare, but clearly many companies already have and so great for mentioning that. Thank you. So what -- as we kind of draw to a close and just in summary, what advice or tips would you give a company considering going global for the first time?

Becky DeStigter: I would start with just a million questions. There are a lot of stakeholders that want to see a company going international. Your local government wants to see export. Your industry association wants to see you expand internationally. You may have partners that want to see you gain those additional markets, additional supply chain capabilities. So ask a million questions to all of those types of sources and find out what you don't know that you don't know. I would say get a great accountant that can handle the international transactions and give you good tax advice, and also a good international lawyer, international business lawyer who can help guide you through what kind of structures make the most sense and how to mitigate some of the risks.

And then finally, I would say get cultural training and that's a piece that as Americans we often miss. I see a lot more Asian companies and European companies give more credence to the cultural training needed, but I think it just -- it helps to make things go so much more smoothly, particularly when you're back in your country and need to have those conference calls.

Brad Volin: Well, terrific. That's very helpful. Becky, this has been such an enjoyable conversation for me. Thank you so much for your time and all the insights that you've provided. Really fun.

Becky DeStigter: Oh, thank you, Brad. This has been fun for me too and it's great to get to talk with you and I'm also excited about what Adigo does for international business. Thank you for what you do.

Greg Elwell: Well, thank you both. This has been really a fascinating discussion and very insightful in helping folks understand really what's involved in going global and what businesses and what entrepreneurs need to know. You've really shared a lot of gems, Becky. Thank you so much. And for those who want to learn more about you as the international entrepreneur, where would you like to send them for more information?

- Becky DeStigter: Well, thanks Greg. I would encourage people to visit my website. I have over 100 articles about how to do international business, very practical advice and my site is the-international-entrepreneur.com with hyphens between the words.
- Greg Elwell: Great. Yes, in fact I just Googled you a little bit ago and you came up right at the top. So if somebody doesn't remember the hyphens and all that, just put into Google the international entrepreneur and Becky's website listing should be right at the top there. So thank you for that. And Brad, how about you and Adigo? Where would you like to send folks to learn more about what you have to offer through Adigo?
- Brad Volin: Sure, Greg. Well, our website is Adigo.com. We also have many e-books available on our resources page that describe some unique advantages we offer for international calling specifically as well as lots of other advantages for busy executives. And our phone number is 888-552-3446. Give us a call and you'll actually get a live human voice right on the phone.
- Greg Elwell: That sounds great. Well, thanks everyone for putting this together and this has been a fascinating topic, like we said, on collaborating internationally, what business professionals need to know to get started. So fantastic. Thank you so much.