**Globally Speaking**

**Podcast 81 Transcript**

**Managing Human Resources Across Cultures**

**Featuring Michael Erisman of PushPay**

Renato Today, Michael interviews a guest that has had leadership positions in global human resources at some of the largest companies in the world. His experience provides unique insights into how to manage cultural norms across a company and the challenges related to headquarters managing people in the field. You’re going to like this story about mistakes and a costly mistake that was related directly to not knowing how some employees would respond to getting a bonus, of all things.

 In addition, you get some practical advice on a process for teams to work on getting better perspective on cultural influences and make better decisions even across cultures.

Michael E. I’m Michael Erisman. I’ve been running HR functions for the last 25 years and I’ve had the distinct privilege of being able to work in over a hundred countries around the world. So, I’ve worked for some really unique organizations: everything from carbonated sugar water to technology, to telecommunications equipment and you name it in between. And the ability to work with different people from around the world, different time zones, and run HR, where a lot of the problems and challenges—

Michael S. A lot of the dirty work.

Michael E. Yes, exactly—and a lot of the consequences of misunderstandings often end up with me. It’s really been great, it’s a privilege. My children have grown up meeting people and knowing people from all over the world and seeing the world as a pretty small place, so it’s been a really fantastic ride and I’m looking forward to more of it.

Michael S. Michael, some people may have connotations of HR that it’s about benefits and vacation policies and that sort of stuff. It’s more of a core function of business than what some people may think.

Michael E. Well, absolutely. You know, HR of course is those other things, right? You have to make sure people are paid correctly and have benefits and, you know, the basic fundamentals of the contract you have with employees is delivered. But if you really think about what HR is, HR is really the people implications of your business strategy.

 It doesn’t matter what that business strategy is. It doesn’t matter what you’re selling or where you’re selling it or who you’re selling it to, or what’s happening in your business. You could be in a high-growth environment. You could be in an environment where you’ve got to innovate and change rapidly. But, no matter what it is, there are people implications. And that’s really where HR plays. You know, HR plays in how does an organization have the right people in the right roles, pay them and incent them correctly? How do you structure an organization design so people know what’s expected of them and you can get their best potential?

 So really that’s where you end up playing the most and that’s where it becomes the biggest challenge. Tech companies right now are some of the most successful, obviously from a market cap perspective, but tech companies’ expenses are almost exclusively people. And so, in that kind of environment, it makes a huge difference the kind of culture you have, the way people come into your company, what their expectations are and how those expectations are met—in particular, in a world where things change really fast. So, change management and communication and making sure people are aligned to what you’re doing is a lot more difficult than it seems to be, and so I spend a lot of time working with leaders on those challenges.

Michael S. Okay. So, you’re working with the leaders of these companies, and some of the companies are some of the world’s largest brands globally. How have these companies approached the world? One of the popular sayings for a while was “The US and the rest of the world.” How do they think about these things?

Michael E. It’s run the whole gamut. It depends a lot on what the business is and what products they make and who their primary customers are. So, let’s take an example of an American company that gets most of their revenue from an American audience, and then wants to expand to Europe, maybe, or South America or potentially Asia. In that scenario, given that most of the focus is on American consumers or customers, then it makes sense that you’re going to end up with a little bit of that “US and the rest of the world.”

 And I’ve worked at some companies that were not founded in the US, actually were founded outside the US and then had come to the US market. I remember being at a company years ago; it was GE, and what GE had talked about at the time was, you’re not really a global company by simply selling products to different people. You’re a global company if the products themselves are actually innovated *in* those countries.

 And in fact, if you import ideas from the other parts of the world back to the US, that’s when you consider yourself global, as if something truly was developed outside the US, sold outside the US, etc. And so, there are organizations that I think do that really effectively, but a lot of the companies I’ve been a part of, by the nature of how they’re structured, absolutely had that mindset.

Michael S. This GE example’s a really good one. Evernote is a company who ended up doing a lot of investment in China and opening up not just outsourcing engineering to China, but doing new product innovation in China, which then informed their product that was being built here. Early on, GE was already in that mindset, of bringing things back to the US was when you become really global. That’s interesting.

 One thing we often ask, and we see in companies I work with, the leadership may not understand that language is a part of being a global company. Oftentimes, CEOs may not even have a concept that something like localization needs to be done.

Michael E. Mhm.

Michael S. Do you have any examples or any stories? What’s been your experience there?

Michael E. There’s always the curse of knowledge, right? One of the biggest challenges with being global is you forget what it’s like to not know what you know, not just not know what you know maybe technically or about your products, but not know what you know culturally. So, a lot of the ways we communicate are in fact not technical language, but they’re actually through metaphors. You know, I spent a lot of time in Russia and, for example, I found that Seinfeld references go absolutely nowhere in Russia. They just don’t have the context for it.

 And you see that in all parts of the world. I think one of the challenges, also, is if you think about localization, it’s more than just translation. We all have really funny stories about how translation just fails horribly. My uncle, years ago, worked for a company out of Sweden and he actually worked on translating Swedish products for America. And one of the funny stories he always told me was he was working on vacuum cleaners and their slogan was, ‘Our vacuum cleaners really suck.’

 Now, I mean, that’s a kind of an edgy, funny, you know, kind of way to do it. At the time, they didn’t realize that that actually had a very different connotation. So, I think it’s more than translation. It’s not just CEOs, it’s really everybody. Some of the biggest missteps are in marketing. When you try to do product marketing for ‘what does this product do?,’ you know, or product management: ‘what do we need to build to sell in this particular country and what are their needs and how do they apply that?,’ we can just miss it entirely without understanding that localization, without understanding the culture, without understanding, you know, how people operate in that environment.

 A really interesting example of this, when I worked for a company that had a number of people in Russia, was that we just assume that people can work the same way. So, we assume that if I’m not in the office, it doesn’t really matter, right? Because I have Wi-Fi and I have my mobile phone, etc.

 But if you go to a lot of these other countries, it doesn’t work that way at all. You may have a really good setup in the office, but when you go home, you may be sharing a flat or apartment with a bunch of other people and it may not actually be conducive. And so, one of the biggest challenges can be relative to making that assumption. So, I used to be double- or triple-booked at, you know, midnight, one o’clock in the morning, so I could do meetings when my teams were during the day, where they had Wi-Fi and they had the ability to get information.

 So, there’s a host of ways that I think leaders miss this. I don’t think it’s intentional. I just think it’s a matter of you’re moving really fast and you tend to be a little myopic around what you already know.

Michael S. What do you think about the validity or value of a C-level or VP-level of International?

Michael E. Well, it depends, right? So, it depends on what you mean by ‘international.’ So, for example, let’s say you have a product that you’re selling in Japan. And that’s your primary/secondary market outside the US. Having a Japanese person that knows that culture, it 100% makes sense. But, now let’s say you want to sell to Asia. Well, what is Asia? Asia could be India to Japan, to Singapore, to Malaysia, to Australia. They’re entirely different.

Michael S. It’s very different than having a country manager, or something like that.

Michael E. Very different. Even Europe is very different. So, selling into Italians versus, you know, the British, versus the Germans is very, very different as well. So, you know, if you have somebody that has a good background and has worked globally before, absolutely they can bring to the table what you may miss.

Michael S. Yeah.

Michael E. That’s absolutely not just a good idea, but a really needed one.

Michael S. Yeah, because we see some companies are moving in that direction, where the title VP of International, or someone who is at a C-level interacting with the CFO, the CEO, has that responsibility. But again, when you’re talking international, no one person can know everything about everywhere in the world.

Michael E. Correct. It all depends on scale and size, of course. If you’re not large enough in these other countries where you can afford to have local employees, then obviously you have to do something different and make the best of it. What we used to call like a country GM or a country manager, where the person really had three roles. Number one, their role was ‘how do we address that market in particular?’ So, they would come to the table with a very clear perspective on what that market needed. The second one was they helped actually sell within that market, so could be everything from localization, etc. The third thing they did was really be sort of the cultural beacon for all of those employees there.

 And that model works pretty well. Where you have one person that runs all of international, you at least have one more person paying attention to that, and that’s generally a good thing. But if you can actually get localization down to having people in-country, that’s your best bet.

Michael S. Yep, yep. You’ve shared previously with me a couple of lessons learned you’ve had. One of them was related to when you started working for the Russian company…

Michael E. Mhm.

Michael S. And your introduction to some differences is not just people working from home and the availability of internet and some things like that, but some other cultural differences. Can you share that story?

Michael E. Sure. It was a fantastic company and wonderful people and just a great product and really amazing technical talent there. In my first interview, the first question they asked was, “What are you going to do about the calendar?” So, I’m like, “What do you mean? Like, a calendar of events or a sequence of how things happen?” And they said, “No, there’s this actual calendar that gets hung up on the wall.” So I said, “Well, you’re going to have to show me what this calendar is.”

 Well, there’s a Russian holiday that’s kind of like Veterans’ Day and Valentine’s Day put together where women give presents to men. The women at one of our locations made a calendar that they gave to the men at one of those locations. And yeah, it’s exactly what you’re thinking, right—it was like a pin-up calendar.

 So, I said, “Well, I would have to see this calendar.” So he pulls it out and he shows it to me, and as I’m going through this, you know, month by month, I’m like, “Yeah, absolutely, you cannot hang this up here in the United States,” right? That was a really big problem. I mean, this would probably create issues of somebody complaining that ‘hostile work environment’ or something. And not that it was just absolutely terrible, but it would have crossed the boundaries of what would have been acceptable here. He said, “Well, you know, in Russia, this is no problem.” I said, “Okay, well, then fine, you can have that in Russia, but you can’t export that to the US and you can’t put it up here.”

 And I think part of the challenge is just being sensitive to the fact that these cultures are so different.

Michael S. And they’re different cultural norms.

Michael E. Absolutely, absolutely…in fact, different employment laws, you know. Another great example is interviewing. The kinds of things that you can’t ask in the United States, right? You can’t ask questions about any kind of protected class, you know, or age. Race you certainly can’t ask questions about. You can’t even ask how much money you make now.

Michael S. You can’t require to have a picture included.

Michael E. Correct. Correct. All of these things could be seen as things that could cause bias. Well, that’s 100% different in a lot of these other countries where it might be very normal to not only ask very personal questions, but even ask questions about your family, you know. “Tell me what your father does for a living.” Or ask questions about whether you’re married or not married or planning to have children, etc.

 And so, you have to look at what is culturally acceptable in each country you’re working in and try to find that balance between what are things that are sort of universal in terms of how we as a company are going to operate and have those key principles in place, and then be also willing to know when you’re going to allow localization of culture to actually continue to take place. And it’s, you know, it’s not an easy journey by any stretch.

Michael S. No. You’re working with the leadership of these companies to help them find when something should be accepted or not. What are some of the ways you’ve given people guidance?

Michael E. I think you start with the basics. You know, people need to be treated with respect and with dignity. You need to value people for their performance and what they bring to the job. You know, people need to have the opportunity to be able to make a difference and feel like they’re valued. Those things are pretty universal across all cultures. So, that’s kind of the first thing you look at is to make sure that, you know, by allowing certain cultural norms, you’re not violating them. You know, no one in the process is being disrespected, etc.

 But then, you have to be pretty open in some other cases, right? You have to look at some cultural norms of, you know, whether or not you’re drinking alcohol in the office. The kind of dress that people wear to the office would be another example. How people treat time off. And I’ve had this experience in so many countries around the world where it’s just completely different, but as long as the core principles of people are treated with respect, valued, allowed to contribute and the ethics of your company are upheld, related to how you run your business, you know, those things are pretty universal. And then you just have to pick and choose, you know, which battles you want to fight.

Michael S. Yeah. There’s always the difference of folks who are in-region or in-country and their relationship with the mothership, wherever that may be. What have you seen in those relationships and how have you helped, maybe, relieve some tension that might exist?

Michael E. I’ve been fortunate in my career that I’ve been in what I would call “field” jobs. In other words, I wasn’t at headquarters—not even in the same country as where headquarters was. I’ve also been at HQ jobs. And you know, one of the biggest challenges is that people make assumptions.

 A story that I had six, seven years ago: I went and visited some of our team in another country. And, the overwhelming feedback that I received from the team was, “Hey, we don’t feel like we’re valued; we don’t feel like we’re part of the team; corporate just sends all this stuff out; they don’t talk to us; they don’t get our input.” And I said, “Well, I’ve got some good news and bad news. The bad news is, yeah, I understand that, and that’s not an inaccurate assessment. The good news is, everybody feels that way.” I mean, the people on the second floor at headquarters feel that way about the people on the third floor at headquarters, right?

 You know, the good news is, you’re not terminally unique. It’s not based on, you know, your particular country or anything about you or your leadership. But, it’s just an inherent flaw, I think, that people have, especially if you’re working at headquarters and you have people all over the world. The first thing to do is just to recognize that and over-emphasize getting input and getting feedback early and often. ‘Is this going to work?’

 I’ve actually used a model called “Debate, Align, Execute.” So, I have to—literally at times—sit down with my team and say, “No, time out. We’re actually going to debate what we’re talking about, and I need everybody to say why this is going to work or not work.”

 And so, I think the reason you have to be intentional about it is you have to remember that many cultures view hierarchy very differently. So, I remember rolling out some sort of a new approach at a particular company, only to have it not work, and someone from one of the countries to call me up later and say, “Well, I knew that wasn’t going to work because of, you know, XYZ.” I’m like, “Why in the world did you not tell me?”

Michael S. You didn’t debate!

Michael E. And they said, “Wait a minute, well, you didn’t ask me.” Well, how would I have asked you about something I didn’t know existed? And so, what I did is built this model that actually requires us, as a team, when we’re about to go roll out some change or launch some business initiative, to really debate that and have every voice heard, recognizing that in some cultures, it’s valued to speak up and be aggressive. In other cultures, it’s just the opposite: no one’s going to say anything if you hierarchically are above them.

 And so, you really have to make sure that you figure out a way to get those opinions out, and you learn a ton. But then, at some point you have to: ‘okay, now we’ve heard all that; I get it; I agree; here’s where we have to align and then go execute.’

 Trust is the key. What that depends on is what you do with the information. So, the only thing worse than not asking someone for their opinion is asking them, getting it and then ignoring it, right? So, you have to figure out where do they have input and at what level? And it’s a lot of cases where, you know, you’re going to launch a new product or you’re going to roll out a new strategy and a new plan and there really isn’t a lot of opportunity to change the fundamental principles or what you’re trying to do. But there is an opportunity to maybe tweak a little bit how do you communicate it, when do you communicate it, the language that you use.

 And I really strongly encourage you to make sure that you get those insights because you’ll always be surprised.

Michael S. Michael, usually we ask our guests to share positive stories of experiences they’ve had. There is one of your stories that was a particularly good learning experience because the company had had some success and you wanted to acknowledge some folks with that success.

Michael E. Mhm.

Michael S. Can you tell us about that?

Michael E. Sure. Yeah. The old adage “No good deed goes unpunished?” That is absolutely true. Especially true when you’re dealing with international and cross-cultural issues. So, we had a large assembly plant down in Mexico. It was outside of Mexico City. And we had a great year. We hit all our numbers. And so, I came up with this brilliant idea, I thought, which is, ‘let’s give some of that back to the workers that we have down there.’ And so, I came up with this idea of a bonus.

 It was right before Guadeloupe Week, and so the team was going to take a week off for that holiday. I said, ‘this would be even better: let’s give the bonus right before they go.’

Michael S. Because then they have some extra money before the holiday…

Michael E. Right. It’s a great idea, right? You figure everyone gets a little extra money to spend on their family and their kids, etc. And so, afterwards, like, I forget the exact number, 25%, 30% didn’t come back to work! So, I’m like, what happened? How do we have that much turnover?

 Well, apparently, when you get more money on your paycheck than you were expecting, you assume you’ve been laid off!

Michael S. Ah! So, it wasn’t that they were still enjoying the money; it was the fact that they thought this was a signal….

Michael E. Something got crossed. There was a lot of assembly plants down there and a lot of manufacturing and a lot of people would shift jobs all the time, because companies would go in and they’d have a heavy production run and then they’d lay people off and they’d go somewhere else, etc. A good portion of our workforce assumed that they’d been laid off and went and found other jobs.

 So, yeah, that was not one of my finer moments. And I’ve had many of those, frankly. You’re not going to always get them right. You’re going to do things with the best of intentions and you’re going to find at times that you’ve missed something because it’s very complex to understand all the cultural elements, and there’s just no way you could possibly know some of those.

Michael S. That story alone may save one of our listeners from making the same mistake, and then it will be well worth it for them.

Michael E. Yeah, you know, if I had to do that one over again, I would have asked a few more questions on the timing and I really would have actually used my own model of “Debate, Align, Execute,” to actually sit down with my HR team down there. And one of the biggest challenges I had was no one on that team spoke English and I speak only very rudimentary Spanish.

Michael S. Well, Michael, thanks for your time and I think our listeners got some really good take-away items and hopefully some very practical things that they can apply to their work.

Michael E. Oh, it’s great to be here. I appreciate it. I love working internationally and localization is so critical and it’s so important to success in that marketplace, so, just lean in and have fun and enjoy the diversity of what you get to experience.

**End of conversation**