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LEADERSHIP AND THE GLOBAL MINDSET

Business coaches and cultural consultants are seeking to help take Taiwan’s businesses to the next level of development.

BY TIMOTHY FERRY

William Zyzo, training director and founder of ZnA Training Solutions, a business coaching and communication firm based in Taipei, offers an example of the importance of getting cross-cultural communications right and the perils of getting it wrong.

The subsidiary of a foreign multinational had for decades been rewarding employee loyalty by offering internal promotions based on tenure. Recently, however, the head office instructed them to bring the policy in line with the company’s global practice of promoting based on performance – a meritocracy. With little consideration for how the change might be perceived by the local staff, the expat management went ahead with the new policy and felt that it was receiving a favorable reception. In fact, however, the local middle managers – all of whom had a minimum of 15 years with the company and several with as many as 30 years – were quite upset with the abrupt change of course.

“Things started to unravel,” Zyzo says. “The people who were trying to initiate the change suddenly found themselves in a difficult situation” due to the unhappiness of the local management team. The upshot is that “several of the top chairs are now

empty,” many of the senior expat executives are no longer in Taiwan, and the subsidiary continues to flounder.

A better approach, according to Zyzo, would have been to first identify supporters of the new policy within departments to help communicate its value, and then adopt a gradual, phased-in implementation.

International business is potentially planted with landmines, as the above case demonstrates, and effective cross-cultural communication and understanding is vital to avoid missteps. Although Taiwan’s larger manufacturers for the export market have seen considerable success, surely a sign that they are able to communicate effectively with their customers, the same is not always true for smaller firms, and foreign executives with multinationals in Taiwan might also stumble due to misunderstandings caused by cultural differences.

Cross-cultural communication involves much more than simply speaking another language. Rather, it requires an awareness of cultural differences in how people communicate, and a plan for dealing with those differences.

According to Andy Molinsky, a professor of International Management and Organizational Behavior

at the Brandeis International Business School, simply learning about the differences in cultural communication styles is just the start. Members of international teams then need to adapt their own behavior to the specific culture with which they are dealing. That is not an easy task, and Molinsky notes that people feel extremely uncomfortable when acting against their own cultural inclinations. “People can feel anxious, embarrassed, inauthentic, and frustrated,” he writes in an article for the *Harvard Business Review*, “The Mistake Most Managers Make with Cross-Cultural Training.” As a result of those feelings, he observes, “many individuals either avoid these situations altogether, or perform them ineffectively.”

Zyzo is a business coach specialized in dealing with expat executives at the subsidiaries of multinationals in Taiwan and their local partners. As such, he works one-on-one with clients, helping them address issues such as understanding what the head office or foreign partner is really trying to communicate to them, or what local employees are trying to express to management. He says he often acts as a sounding board for executives. “I’ll echo what they say, but will say it the way it will sound to the intended audience,” he says. When executives hear it back, they will often reconsider making the statement at all, or strategize with the coach to come up with a better approach.

The next step is to ask questions. For example: “If you take this action, can you predict the consequences? Have you thought it through? Have you put in doorstops, or will this action be allowed to have a domino effect throughout the company?”

The need for this kind of training is growing, as 2015 has seen Taiwan’s manufacturers buffeted by the fickle winds of global demand, with plummeting exports and diminished growth even as competition from Chinese components makers heats up.

Taiwan’s business community is searching for ways to move up the value chain towards developing global brands. A growing consensus among business and government leaders, including incumbent President Ma Ying-jeou and the DPP’s

candidate for president in next year’s elections Tsai Ing-wen, sees the need for an economic transformation.

But getting there will involve more than leveraging Taiwan’s traditional expertise in achieving production efficiencies and cost cutting – qualities that have kept Taiwan entrenched in the sphere of midstream supply-chain commodity electronics, machinery, and petrochemicals manufacturing.

“Taiwanese companies gained their success through manufacturing and therefore in many ways are less ‘sales and marketing’ oriented,” observed Revital Golan, founder and CEO of business consultancy Anemone Ventures, in an email. Describing this mindset as deeply rooted throughout most established local organizations, she said that “as Taiwanese companies compete in the international arena (beyond Taiwan and China), they need to go through an overall change in their business perspective and approach in order to be considered as strong and worthy market players.”

“Taiwanese companies would benefit from adopting an international mindset in their business interactions with international partners,” Golan added. “Such a mindset and deeper understanding of their counterparts can be adopted faster through external training.”

The *Financial Times* considers a global

mindset “as one that combines an openness to and awareness of diversity across cultures and markets with a propensity and ability to see common patterns across countries and markets.” It considers that “cultivating a global mindset is a prerequisite to becoming a global company.”

TMC, a subsidiary of global language-education firm Berlitz, is a management consultancy also seeking to help Taiwanese companies develop those new perspectives and approaches. Unlike business coaches, which work for extended periods of time in what Zyzo describes as “talk therapy for business executives,” management consultancies are brought in by companies to deal with specific issues for a set period of time, and often work with teams rather than one-on-one.

TMC is a new entrant in Taiwan, but the Princeton, New Jersey-based company has been facilitating intercultural communications for U.S. companies and their foreign partners and subsidiaries for 30 years. On its website, TMC bills itself as among the world’s “leading cultural consulting and learning solutions companies.” Ken Belanger, TMC’s managing director in Princeton, says “we help companies execute their global business strategies” by focusing on “cultural confidence, global leadership, team effectiveness, and diversity and inclusion.”

“Communication and leadership



Team-building projects are designed to boost morale and help employees learn to work together more effectively. Here participants in one such program celebrate its completion.

PHOTO: IN MOTION ASIA LTD



Team building can include an array of challenging, team-oriented activities, including river tracing in the Wulai section of New Taipei City.

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from a cultural lens is my specialty,” adds Lynne E. Putz, managing director of client services for TMC.

The company offers several examples of how it works, in both reactive and proactive capacities. For example, a U.S. motorcycle brand recently called the TMC team in to help them resolve a situation in which contract manufacturers in India were failing to meet deadlines, and the parts they supplied did not match specifications. Work on that project is still ongoing.

In another situation, a pharmaceutical company called on TMC to help it leverage its human resource assets around the world to do R&D more effectively and efficiently, not just in advanced Western nations but also in China. TMC stresses that innovation is no longer the purview of Western developed nations alone, and that because of leading companies in China, India, and elsewhere, their countries are increasingly being seen as sources of innovation, not just low-cost production.

TMC offers an example to demonstrate this point. A German automaker shipped its parts to a company in China for the assembly of cars for the Chinese market. The engineers in the Chinese plant noticed that the car seats were not the most suitable for the local market,

and came up with their own designs for improvement. But the Chinese engineers couldn’t adequately express their ideas to their German counterparts, and the German engineers – most of them longtime veterans of the industry – weren’t keen on hearing them anyway.

“The local team in China was saying we see so much potential, but we are not asked, so our engagement goes down and down,” Putz relates. “They became disengaged and as a consequence didn’t have a vested interest in the success of the enterprise.”

A report by *Harvard Business Review* Analytic Services, “The Impact of Employee Engagement on Performance,” found that 71% of executives ranked employee engagement at the top of “factors most likely to bring success,” equal to “Strong Executive Leadership,” but only 24% considered their staff to be highly engaged.

Staff engagement can often be bolstered through challenges and activities such as those offered by InMotion Asia (IMA), a boutique company with a focus on team-building outdoor adventure. Some 70% of IMA’s clients are international companies who are holding a conference in Taiwan as an incentive for their regional or global employees, and insert an afternoon of

team building into the agenda.

“Team building is the process of getting people together and developing the ability to work together efficiently,” says Cam McLean, IMA’s founder and managing director. He notes that many of his clients have offices in major cities throughout the region, with staff that “probably only see one another once a year.”

IMA offers a range of team-building activities ranging from scavenger hunts to river tracing to Thai kickboxing. Many of the activities have a local flavor, such as taking Chinese cooking classes and then competing in teams to design and cook the most flavorful dishes. Dragon-boat racing on the Xindian River is another favorite, as is traditional lion or dragon dancing. After training in the basic moves, teams must then choreograph their own dance, complete with music and original moves, and compete for the top prize. One company had its employees perform for local orphanages and other charitable institutions, while offering donations.

Sometimes IMA is also contacted to help deal with problems within a company. McLean recalls an instance in which a large European telecom firm had recently undergone a massive restructuring that made a number of personnel redundant. The purpose of the event “was to get over that and start over with a clean slate,” says McLean. “The company just wanted to get everyone communicating again and give them an enjoyable experience to move past the restructuring.”


Most of the foreign providers of cross-cultural communication training note that the majority of their clients are foreign multinationals and their partner companies who have heard of them through word of mouth. Will Taiwanese firms looking for a larger slice of the global market also seek out sources for this type of training to develop their talent and strategies?

Doug Klein, former CEO of Swire Coca Cola in Taiwan and founder of consultancy Lion AustAsia Management Consulting, sees a great need for external consultants in Taiwan to help local firms hone their strategy and communica-

tions for dealings with the wider world. A 30-year veteran of global marketing, Klein notes that many local companies lack a high degree of awareness of how to effectively promote themselves in the global marketplace. Although that situation has existed for decades, he expresses optimism that in the future more and more of Taiwan's many SMEs will seek out foreign consultants for help with marketing communications.

He notes that at this stage in Taiwan's industrial development, the founders of

many successful companies have passed away or retired, leaving the family-owned enterprise in the hands of children and grandchildren who may not have the same expertise and dedication. "They understand that something isn't working well with the companies' strategy, but aren't exactly sure how to fix it," Klein observes. Hiring an external consultant to help identify the problem and develop a prospective solution can bring a substantial return from a fairly small investment.

China seems ahead of Taiwan in this regard, and all training companies report great demand for their services across the Strait. Anemone Venture's Golan predicts that "awareness will come" in Taiwan as well, but says there is still a ways to go before the gap can be significantly narrowed. The best local companies realize, she says, that to really go global and take advantage of the huge business opportunities in other markets, "they need to go to an international company" for assistance and advice. 

EXPAT EDUCATIONAL OPTIONS IN TAIWAN

Some families choose one of the excellent international schools, while others prefer local public education for the Chinese-language benefits.

As Taiwan has developed, it has attracted a number of long-term foreign residents. For those who are married and raising families here, the question arises: what kind of education do they wish to provide for their children?

Many of the foreigners living in Taiwan are women from China and Southeast Asia who have come to Taiwan as the spouse of a Taiwanese citizen. For most of them, the answer is clear: local public schools. Anecdotal and statistical evidence from both the Ministry of Interior and NGOs that work with foreign brides indicate that most of their children attend local public schools, speak Chinese, and try to integrate into the community as much as possible.

For more affluent foreigners working for large multinational corporations and receiving what is called the "expat package," the answer usually is also clear: one of the some 19 international schools that dot the island, primarily in the bigger cities of Kaohsiung, Taichung, Hsinchu, and especially Taipei City. For these people, the multinational employer generally picks up the tab, allowing them

the privilege of sending their children to such excellent institutions as the Taipei American School (TAS) and Taipei European School (TES). Collectively, these international schools serve some 10,000 students, all of whom must hold a foreign passport to attend.

But as Richard A. Hartzell, Upper School Principal at TAS, notes, the expat package is becoming increasingly rare in

Taiwan, and while students at TAS hold foreign passports, most have family connections in Taiwan, with a solid majority having grown up here.

Then there are the foreigners living in Taiwan who have a more ambiguous status. Often working as English teachers or freelance editors or journalists, or increasingly as restaurateurs or other small-business owners, these people lack



At the Taipei European School's Swire Primary Campus, children from the British, French, and German sections get together for play and sports.

PHOTO: TIMOTHY FERRY