

# The Cost of Culture Clash

Building a collaboration model for 21st-century globalisation.

By Jayanth Poorna



In today's global economy, offshoring could be a key to your business's success. But if you don't do a good job of melding organisational cultures, your brilliant strategic move could be your company's undoing.

What happens in a global business when people of diverse cultures and geographies don't understand one another? It starts with the breakdown of communication, which can lead to a deterioration of relationships within and between teams. Left unaddressed, lack of trust, low morale, and loss of productivity are sure to follow.

Unfortunately, managers who are untrained in cultural challenges often misunderstand the symptoms. They may perceive that what they are seeing is the result of a governance or delivery issue, or any one of a number of typical project management complications. Without training to differentiate between culture clashes and

standard project roadblocks, managers facing this kind of "people problem" can potentially cost their business a bundle.

While this is true of any project, the negative effects of underestimating or ignoring the cultural dimension are amplified in the case of complex global business transformations. Whether it's a European manufacturer offshoring its production to Asia, or a United States company centralising its back-office operations in South America, every people-related critical success factor has a cultural connection. The larger the project, the greater the potential for misunderstanding and failure.

Given the high stakes, all multinational teams should undergo cultural awareness training at the start of any global business venture. But it has to be the right kind of training: relevant to your business context and sustainable. The old model of hiring a

consultant to conduct a short-term, one-size-fits-all “cross-culture workshop” is an anachronism in today’s complex, highly competitive business environment. Yet, it’s still common for organisations to think they’re doing the right thing by opting for a generic “fill-in-the-box” approach that’s not specific to the issues and values of their company or sustainable over the long run as the company evolves.

Executives turn to these prefabricated programs because they are under tremendous pressure to generate quick solutions at low cost. And cultural awareness tends to be thought of as a “soft” issue that doesn’t need more than cursory attention. In our experience, however, leaders who avoid the temptation of falling for overnight fixes and invest in a comprehensive and ongoing cultural integration initiative are the ones who achieve the best returns on their investment.

In short, to ensure smoothly operating multicultural teams capable of producing high quality results, your diversity plan needs to be a sustainable part of your overall business strategy with objectives targeted to your organisation’s specific circumstances and goals. Just as important, ensuring cultural alignment should be a collaborative process between the offshoring services provider and the client company.

#### **A Success Model**

All cultural alignment programs have the same objective: To help organisations avoid costly conflicts by teaching people from different cultures how to communicate in a multicultural environment. But that’s where the differences between programs begin.

A true success model requires that workers and managers be given tools to address identified challenges and conflicts, and a roadmap to create synchronised teams that are optimised to increase productivity and reduce errors based on cultural misunderstandings. Most important, there should be an ongoing process that ensures the program remains relevant as the business matures.

Prepackaged programs can’t accomplish this. Design, delivery, content, and outcomes must be closely linked to a client’s precise business context, challenges, and operating culture with a goal of bringing about practical and observable changes in staff behaviors. Plus, the service provider you engage should be an ongoing partner to your success, not simply a one-time resource in a project start-up process.

Let’s look at the example of a major European investment bank planning to move some of its IT infrastructure and services to its captive center in Asia. The anticipated major changes in the bank’s operating model created internal anxiety and resistance—including from the bank’s team leaders, whose role was set to transition from providing subject matter expertise to remotely managing people with very different cultural backgrounds.

When the bank’s executives started looking for a partner for this project, they were careful to select an offshoring service provider that not only had the required technical and process competencies, but also had expertise and extensive experience in working collaboratively with global, multicultural clients.

Taking guidance from their partner, the bank articulated a business vision for the project and developed a program based on the specific

multicultural factors attendant to the transformation. The result was a series of bilingual workshops that provided direction on working collaboratively as a team despite cultural and language differences. A transition roadmap, reference guides, and ongoing one-on-one coaching for team leaders filled out the program.

By acknowledging and addressing cultural differences and challenges at the outset, the bank’s team leaders experienced a significant drop in anxiety, and a foundation of trust was established among all team members. Since the program was built around the specific context of the transition project, the bank’s team leaders had the tools needed to help them work with people from very different cultures, and the company’s top management had a sustainable set of best practices to use in future projects as the company’s business needs evolved.

#### **Making the Perfect Match**

What specific evaluation criteria did the European bank use to select its offshoring partner? While there were many, it came down to asking four key questions, which are applicable to any company looking to outsource its operations:

- How does the offshoring partner handle diversity and multicultural issues in its own business?
- Does the offshoring firm have deep functional expertise and a successful track record of delivering global cross-cultural client engagements?
- Does it bring with it best practices and lessons learned from its experience in working with other companies like yours?
- Does its engagement style lend itself to a long-term partnership for success rather than a one-time-only experience?

The answers to these questions can mean the difference between a cultural integration approach that supports and sustains your offshoring strategy for the long run, and an approach that meets short-term needs but leaves the door open for problems and issues down the road.

In summary, with multicultural teams becoming the norm, a strategic cultural integration plan is now a required part of conducting business globally. Far from being an extravagance, integrating cultures through a solid, sustainable multicultural business strategy is one of the most important investments you can make to leverage high-performing teams and ensure offshoring success.

A true success model is a collaboration—an ongoing partnership between the client and its offshoring service provider who brings cultural integration expertise to the relationship. When both parties have a vested interest in the outcome, and when team members from different cultures view their differences as enriching and an essential part of enhancing productivity, success is sure to follow.

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