

## Five Key Steps to Successful Joint Ventures Abroad

It has become a bit of a cliché to say that in today's inter-connected world, you need to think beyond geographical boundaries when building your business. On paper, international joint ventures seem to offer an attractive opportunity for two companies to benefit from each other's knowledge and comparative advantage. In practice, however, many joint ventures do not perform as well as expected. Why are these alliances so unstable and what can be done to increase the chances of success? The short answer is '**culture**' and below are just a few top tips for improving the process.

### 1) Do not underestimate cultural differences.

Experts distinguish between countries with low culture differences (Germany/Austria, US/UK) and those with high culture differences (Sweden/Brazil, Netherlands/Japan). The higher the cultural difference, the more likely it will become a liability for the joint venture, which means that we tend to prepare carefully for these extreme cases. However, it is sometimes too easy to assume that countries that speak the same language and have a shared history will be 'natural' business partners. Yet even in those cases, there are many cultural differences that we need to be aware of. Many British business people report the greatest culture shock when dealing with Australian or American partners.

### 2) Don't just blame national culture.

This may seem like a direct contraction of the first conclusion, but there is a difference between being sensitive to cultural differences and attributing every single difference of opinion, style and behaviour to national culture. There may also be a clash of personalities involved that have little to do with cultural background. Many business people with international experience will have additional cultural influences other than their own country-specific one. So do not slavishly follow the Trompenaars/Hofstede models of high masculine or highly collective cultures to explain every situation. Finally, don't forget the divisive effect of practicalities such as ownership, taxation, technology etc.

### 3) Move faster but smarter.

The most obvious cultural differences, which cause the most grief in a business context, are: concepts of time, tolerance for ambiguity, notions of status and identity. Important business deals have floundered time and again because one party showed up late for meetings, or because all the important decisions were made outside the meeting room. However different the notions of punctuality, you will be appreciated the world over if you can make the partnership process simple, easy to follow and relatively painless. Be understanding and flexible with others, but tough on yourself, i.e. keep your promises.

#### **4) Over-communicate.**

It is better to say too much rather than say too little and be misunderstood. While not all nations are equally loquacious, in some cultures, for instance in Finland, it is considered quite rude to ask questions and thus clarify situations. The challenge here, however, is to keep the communication relevant, both in terms of the message being conveyed as well as the way in which this message is delivered (face-to-face, over the phone, via email, over a lengthy dinner or on the golf course). And, while it may be tempting for legal reasons to have every last detail of the partnership agreement in writing, in Mediterranean countries this is perceived as a grievous lack of trust and can scupper a deal.

#### **5) Be curious and willing to learn.**

Reading up on the culture of the country in which you are seeking to expand is an important first step, but no amount of preparation, reading or training, even coaching, can fully cover all eventualities. The only thing you can be certain of when entering a new culture is... expect the unexpected. Therefore, I would say that the best preparation of all is to open your mind and your heart, be aware of your own hidden assumptions and preferences, and be able to rise above them.

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