

# International

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## Cultural Competence

To succeed abroad, learn—and respect—differences

**A** survey this year of the IFAs U.S.-based franchisor members showed that 82 percent are either already “going global” or are planning to take their franchise international soon. However, many U.S.-based franchisors new to international are unfamiliar with cultural differences between countries. In our experience in almost 70 countries, to successfully do business abroad you must be aware of the local culture and how it affects your franchise sales, operations, and revenues.

Businessculture.org says, “Culture illustrates the accepted norms and values and traditional behavior of a group... *the way we do things around here.*” The culture of each country has its own beliefs, values, and activities. In other words, culture can be defined as an evolving set of collective beliefs, values, and attitudes.”

To win in global business, there are three major cultural types you must take into account:

- **Linear** – aggressive, time is money, task-focused, individualistic, the “John Wayne” approach (North America, Australia, and Northern Europe);

- **Multi-active** – relationship comes *first* and *before* business, top-heavy hierarchy, only meet with decision-makers (Mediterranean, Latin America, Middle East, and India); and

- **Reactive** – relationships first, quiet nodding (nodding simply means they may understand what you are saying, not that they are agreeing with you), listeners, group decisions (Asia, except India.)

The aggressive “Let’s get the deal done and go home” approach that U.S. business people often follow leaves no time to develop the relationships that most cultures value—and require—to

get business done.

Therefore, cultural awareness and cross-cultural communication skills have become essential for successful new market entry and development. In the context of international franchising strategy and tactical execution, cultural considerations play a pivotal role in several critical ways that require the appropriate priority, preparation, and attention to detail.

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Consider cultural implications when marketing, messaging, and ultimately serving your customers in a specific market. This begins with the brand name and logo. How will the standard domestic brand name and logo be perceived in the market through both linguistic and cultural filters? It’s understandable when an unknown brand name has no meaning or immediate market impact value. However, it’s quite another matter when a translated or phonetic articulation of the brand name conveys a pejorative,

awkward, or even embarrassing message in the new market. Similarly, for food brands menu items such as pork in the Arab world and both pork and beef in India must be eliminated from menus. Sweet and spicy taste preferences also vary by country.

Numerous cultures do not place a high priority on providing full financial details at the initial discussion stages for reasons of confidentiality and the lack of an established trust. Such trust usually comes only with time, positive communication, and increasing rapport; you must earn it. The time required for this can be significantly greater with Asian cultures (especially in Japan) than with Anglo or most Latin cultures.

Before conference calls, discovery day meetings, and market visits, it is highly advisable to invest time to learn, and then implement with care, the basic cultural behavior of your candidate, just as you invest time to study their marketplace. This demonstrates that you value their culture, and therefore your relationship with the candidate and their country’s market.

Whereas Western cultures tend to communicate directly and concisely, Eastern cultures, especially the Japanese, are more likely to use indirect communications that may be frustrating to U.S. franchisors. However, do not interpret what seems to be an evasive style as an attempt to deceive or confuse you in negotiations. Instead, realize it is more likely that there are reasons the candidate is not comfortable with or capable of providing a definitive answer. In certain circumstances, patience is indeed a virtue, and a desirable attribute.

Cultural differences often extend into contractual matters, such as the franchise agreement. Nearly all other cultures find U.S. franchise agreements to be laboriously and perhaps unnecessarily too long. This perception exists for different reasons. For example, in some countries a standard civil code or law is assumed in their domestic contracts, and similar clauses and verbiage are not customarily included in their agreements. Or, in some cultures, the agreement is expected to confirm the nature of the *relationship*, rather than detail every possible task or

event, as may be attempted in the U.S. In any case, it is very helpful to use your cross-cultural skills and relationship with the candidate to preempt and hopefully neutralize a likely negative reaction to a voluminous agreement by discussing the matter with your key contact(s) before delivering it.

**To-don't list**

Here are a few cultural “no-no’s” we have encountered over the years:

- giving white flowers as a gift in Japan (white is the color for funerals);
- showing the bottom of your shoes in the Middle East (dirtiest thing you can do);
- referring to Taiwan as a country when in China; and
- talking politics (sports and local culture are better topics).

Terri Morrison, in her classic book, *Kiss, Bow or Shake Hands*, shares a few basic, but critical, cultural differences in doing business in key countries. In regards to meetings:

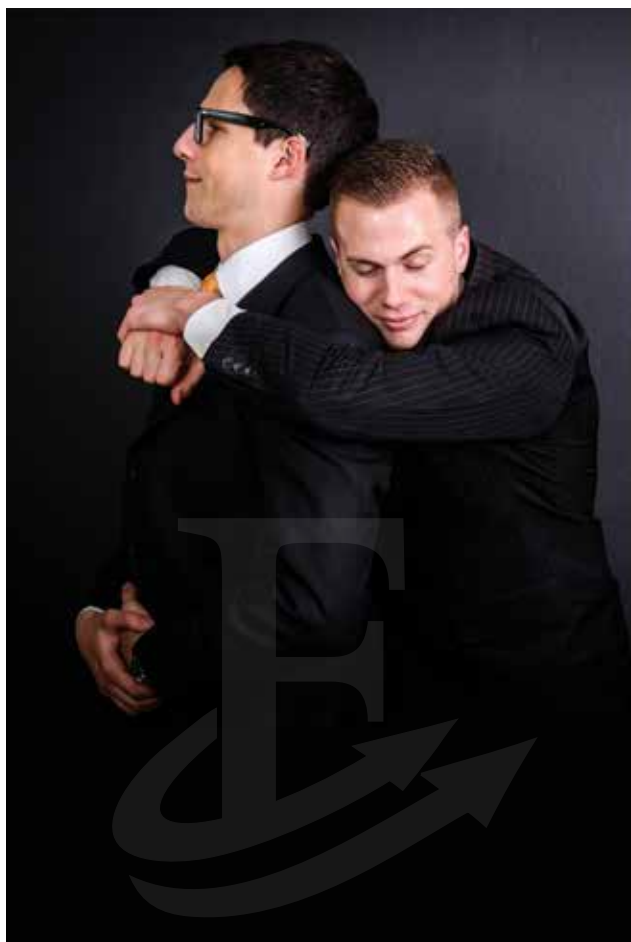
**To succeed in global business you must add the cultural factor to your approach to people and companies. Ignore the local way of doing business and you will fail.**

- in **Brazil**, lack of punctuality is a fact of life, so be flexible about your counterpart’s (lack of) punctuality;
- in **China**, punctuality for all appointments is important; and
- in **India**, business people appreciate punctuality, but do not always practice

it themselves!

The bottom line? While business processes may be flattening around the world, cultures are not. To succeed in global business you must add the cultural factor to your approach to people and companies. Ignore the local way of doing business and you *will* fail. Cultures are what make the world an increasingly interesting place! ■

**William G. Edwards**, CEO of EGS, LLC, has 40 years of international business experience. He has lived in 7 countries, worked on projects in more than 60, and has advised more than 50 U.S. companies on international development. Contact him at 949-375-1896, [bedwards@egs-intl.com](mailto:bedwards@egs-intl.com) or read his blog at [edwardsglobal.com/blog](http://edwardsglobal.com/blog). **Robert Shaw**, executive advisor of international business for Right at Home International, an in-home care and assistance brand, has more than 25 years of international business development experience in 50-plus countries. Contact him at [rshaw@rightathome.net](mailto:rshaw@rightathome.net) or 949-481-7430.



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