





by Maya Payne Smart

branching out



illustration by Celia Johnson

Launching projects in
new markets can mean
new revenue, but it also
opens a potential minefield
of cultural missteps.



Siven the precarious state of the global economy, it's no surprise that companies are looking for new turf to conquer. But all the usual trials and tribulations of planning, organizing and executing projects can get even more complicated when project managers are faced with myriad differences in time zones, languages, work styles and laws.

To navigate cross-cultural terrain, project managers can't expect instant success with the same old cookie-cutter formulas. While it's not a revolutionary notion, many companies seem to forget they must learn to adapt to the market at hand.

A 25-year veteran of managing construction projects around the world, Terry Chapman says nothing beats boots on the ground. He first learned this as part of a team at Bovis Lend Lease Inc. when the U.K. project management and construction firm launched a shopping mall development in South Africa in the 1980s. He arrived ignorant of the complexity of the country's cultural, ethnic and even tribal differences. But in the field, he quickly got an education in how the diversity of work styles could affect a project's development.

"Before you get there, you wouldn't imagine trying to dissect things to such a great degree," says Mr. Chapman, managing director and owner of Queensborough Project Management, London, England. "It's not black and

white. It's multicultural. There are a lot of competing interests that you can't comprehend until you actually experience it."

If project managers want to make it in new markets, they have to realize that they are visitors and respect the nuances of the local business culture before jumping into action. "It would be foolhardy not to understand them, recognize them and operate within those parameters," Mr. Chapman says.

FACE TIME

The earlier project managers make in-person contact, the better, says J. LeRoy Ward, PMP, PgMP, executive vice president of ESI International, Arlington, Virginia, USA.

"A mistake that people make is thinking they can launch virtually and get the team together later," he says. But identifying the core team is a step "that needs to happen from the very beginning to establish a personal connection," Mr. Ward says. "It really is a best practice. The companies that want to 'save money' will pay for it in the long run because of confusion at the outset."

When ESI launched an expansion project into India in 2008, the company had a variety of options, ranging from buying a local business to forging a partnership.

After Mr. Ward and John Elsey, ESI's president and CEO, interviewed partners in India, they decided that establishing a business in the region was the best solution.

Naturally, the expansion project couldn't be handled entirely virtually.



A mistake that people make is thinking they can launch virtually and get the team together later. But identifying the core team is a step that needs to happen from the very beginning to establish a personal connection.

—J. LeRoy Ward, PMP, PgMP, ESI International, Arlington, Virginia, USA

For one thing, ESI had to have team members on the ground to navigate the country's licensing and regulatory issues and ensure compliance with local law, as well as set up and staff the office.

And that was just the logistical component. To localize ESI's product offerings for the Indian market, Mr. Ward says he had to meet with clients across the country—including outsourcing giants Wipro and Infosys. Those sessions helped the company understand the needs of the marketplace and customize its courses to make them relevant to the region.

In the case of India, that meant shortening the course duration and modifying all the case studies used for instruction. According to Mr. Ward, Indian clients prefer real-world examples that can teach them how to practically apply the knowledge they gain from the courses.

But for the project launch to work, the company had to do its homework.

"You need to go there and do all the significant market research to see what it will take to sell your products," Mr. Ward says. "Never underestimate the amount of time that you need to spend in the beginning with a partner or understanding the marketplace."

GROUND RULES

Before companies go barreling into a new market, they should also seek advice from local counsel to minimize legal, tax and other regulatory issues, says Arturo Alessandri-Cohn, managing director of Santiago, Chile-based law firm Alessandri & Compañía.

Multinational giants Benetton Group and Ritz-Carlton began planning projects in the market before talking to local lawyers and were shocked to discover others had already registered their trade names, he says. In Chile there is not a use requirement to register a trademark, so many companies are forced to buy



On one project, the client was at times disappointed and frustrated because he thought the mere fact that he was making this investment was enough for people to understand and be positive.

—Arturo Alessandri-Cohn, Alessandri & Compañía, Santiago, Chile

their own trademarks from local "pirates," Mr. Alessandri explains.

In another example, a Scandinavian who launched a project to build a vineyard in Chile was unprepared for the new social and environmental conscientiousness that led residents to file suit against him.

"The client was at times disappointed and frustrated because he thought the mere fact that he was making this investment was enough for people to understand and be positive," Mr. Alessandri says.

But clearly that wasn't the case.

So the legal team set to work helping the client communicate the project's merits to local stakeholders and won the lawsuits.



Project managers have to realize that they are visitors and respect the nuances of the local business culture. It would be foolhardy not to understand them, recognize them and operate within those parameters.

—Terry Chapman, Queensborough Project Management, London, England

THE LOCAL TALENT

Staffing up locally also helps project managers anticipate and resolve issues as the project unfolds, says Bruce Howard, president of MWH Business Solutions, a Broomfield, Colorado, USA-based project management firm.

“I’ve lived overseas for 16 years on different programs and I’m always thankful when surrounded by smart, indigenous personnel,” he says. “There are things they are taught through school or learn growing up that I don’t know. Hopefully, I’m smart enough to ask questions.”

MWH got a crash course in U.K. laws and customs when it launched a six-year US\$4 billion capital improvement program in Warrington, England

for its client United Utilities. The massive initiative, which closed in 2006, included wastewater treatment plants, water-treatment works, overflows and pipelines. With all that work, the company had to scale up from zero to 300 people within the first year—and they couldn’t all be “Yanks.” MWH needed some homegrown talent, but it also had to do some digging.

“First, you have to understand what the laws are, what the regulatory requirements are, the work week, the number of holidays, the different health and safety rules, pension pay,” Mr. Howard says. “You have to understand all of this before you start to talk about [hiring] people.”

To find the right project staff, MWH went to the typical places: universities for young workers and employment agencies to augment staff for peaks. The company also relied on its U.K. hires for referrals, regardless of their role within the organization.

LISTEN UP

When diving into new markets, companies can’t assume it’s business as usual.

“Simply because you are used to one business model or one type of data analysis, you think others will provide the same data or approach,” says Stanley She, a Shanghai, China-based managing director for Asia Pacific procurement at faucet manufacturer Grohe. Beyond overseeing the nuts-and-bolts of maintaining supply chain integrity, he often acts as an interpreter of sorts—translating the intent of local suppliers’ words and actions for his German colleagues who bring a very different perspective to negotiations.

He cites pricing as an area that’s rife with cultural misunderstanding. At Grohe, the German headquarters expects a level of transparency and accuracy in requests for quotes that local suppliers aren’t always inclined to deliver.

“When we do our request for quotation, the details of process, overhead



Nailing down mundane details early—the currency to be used, how numbers and dates will be formatted—helps project teams adapt to new terrain.

—Marah Rosenberg, PMP, independent consultant, Red Bank, New Jersey, USA

and profits—all of the information has to be very transparent,” Mr. She explains. “To our headquarters, it has to be utterly true and reliable, and we can negotiate our view based on that. The fact is sometimes suppliers don’t know what each process contributes to the total cost.”

So it’s often more effective to assess the package as a whole, he says, versus haggling over each small element.

Nailing down mundane details early—the currency to be used, how numbers and dates will be formatted—helps project teams adapt to new terrain, says Marah Rosenberg, PMP, a former project manager at Avaya and now an independent project

management consultant in Red Bank, New Jersey, USA.

“These are not glamorous things but I find that if that’s set out at the very beginning, then you don’t have to think about it again,” she says. “You can start doing the real work that’s about designing and developing the project at hand.”

In 2007, her team’s real work was going into the Middle Eastern market with a customized version of Avaya’s 9600 line of IP (Internet protocol) telephones.

“When launching in different markets you want to make sure that the visuals customers see on the phone—the letters or numbers—would match their expectations for their language and culture,” she says.

The project required many levels of work inside each country to make sure the alterations to the phone's design suited the local customers. Even before sample phones were produced, Ms. Rosenberg sent slideshows of proposed product changes for review to country managers who understood local customer preferences. Later, she shipped sample phones and software for testing by in-country consumers and oversaw font designs to ensure the text was legible on the displays, read right to left and morphed accordingly when certain characters were combined.

"We have to ensure that we're meeting our customer's needs," she says. "Listening to the voice of the customer is paramount."

ALL TOGETHER NOW

When entering new markets, it's easy to drown in details and lose sight of a

project's true mission. Matts Larsson, director of global training for Lund, Sweden-based Tetra Pak, says cultivating strong project identities across function and geography has helped the food processing and packaging giant launch projects in 165 countries across the globe.

No matter what market it's headed into, the company puts the focus on project management. Everyone from the sales force to administrative staff is trained on the company's project management methodology and terminology.

"Everybody needs to understand what project management is from the beginning," Mr. Larsson says, "because it is a project from when the opportunity is created until we have delivered and installed the final solution at the customer site."

Speaking the same language—project management—goes a long way toward mastering a new market. PM

FOR MORE ON LAUNCHING
IN NEW MARKETS
[SEE A CLOSER LOOK»](#)

This material has been reproduced with the permission of the copyright owner. Unauthorized reproduction of this material is strictly prohibited. For permission to reproduce this material, please contact PMI.