



Kiwis Abroad

BRIDGING CULTURAL GAPS New Zealanders do business across the ditch, around the globe, in fact, wherever they want to. A lot of coverage is given to working within our multicultural workforce at home, but what about offshore? Are your business negotiations being hampered by poor etiquette and assumptions? Pauline Herbst consults the experts.

Ask Michael Stedman, managing director of Natural History New Zealand (NHNZ), about dealing with one of the 160 countries his company works with and he stresses patience – at least six times. It’s not because he’s an impatient man.

Shaun Conroy, New Zealand Trade and Enterprise’s (NZTE) regional director for North East Asia, also cautions that a three-year period from initial contact to deal is not uncommon in Japan. You might be thinking this is just an Asian trend. You’d be wrong.

One of the main points Christian Dahmen, a consultant for executives and decision makers, stresses when dealing with Germany, is: “slow down”. You may think negotiations have ground to a halt, but ticking away in the background will be an army of evaluators vetting you to see if it is worth bringing your case to the attention of key decision makers. Rung by rung, you’ll make it up the hierarchy – in a year or two.

A sobering and expensive thought, especially for a culture whose idea of business is modelled on ’80s Wall Street movies that advocate getting in fast and closing the deal, tempered with a Kiwi attitude of “she’ll be right” and rampant tall poppy syndrome. It makes for quite the cocktail, one that has been sampled by international markets and found to be sweet and palatable, but lacking a kick.

2008: VALUE (MILLIONS OF NZ DOLLARS)					
Rank	Country	Exports (FOB)	Imports (CIF)	Total trade	% of total trade
	The World	42,900.23	48,514.05	91,414.28	
1	Australia	9,995.32	8,737.90	18,733.22	23.9%
2	United States	4,382.02	6,443.74	10,825.76	13.8%
3	China	3,613.49	4,600.20	8,213.69	10.5%
4	Japan	2,533.56	3,955.60	6,489.16	8.3%
5	Singapore	1,672.02	2,251.64	3,923.66	5.0%
6	United Kingdom	1,358.23	2,076.06	3,434.29	4.4%
7	Korea, South	751.61	1,986.44	2,738.05	3.5%
8	Germany	1,005.82	1,317.62	2,323.44	3.0%
9	Malaysia	894.94	1,317.66	2,212.60	2.8%
10	Philippines	470.56	1,522.95	1,993.51	2.5%

FOB = Free on board – the cost of exported goods at the port of export
 CIF = Cost of goods, including insurance and freight charges

Data source: Statistics New Zealand, via the World Trade Atlas

Two years ago NZTE commissioned The Nielsen Company to research perceptions of New Zealand business culture and values in India, South Korea, the United States, the United Kingdom, China, Japan and Australia. The overriding perception is that New Zealand is “high in human values, but low in business acumen”. According to many, we lack the proverbial killer instinct, the “hunger to be part of an international business community”.

It’s not that international businesses don’t want to do business with us, far from it. New Zealand’s top five overall trade partners (merchandise) are Australia,

the US, Japan, China and Singapore. In 2008 New Zealand’s dealings with its top 20 trade partners brought in a total of \$91,414.28 million.

The Nielsen report discovered that New Zealand’s human values are respected and admired. These include: “An openness and directness that makes dealing with New Zealand businesses straightforward and agreeable; a refreshing honesty which engenders rapid trust and resourcefulness, creativeness and flexibility – all perceived to be due to New Zealand’s geographic isolation, space and limited resources.”



Despite these positive perceptions, New Zealand is still seen to be lacking in global business values, those key attributes that surmount cultural differences. The Nielsen report lists these failings as: “low pro-activity and reluctance to follow up phone calls and/or contacts; lack of preparation and research into a country’s culture and specific market characteristics – eg, a ‘what can we sell’ approach, rather than asking ‘what does the market want?’; an overly-relaxed attitude towards business: ‘Give it a go’ and ‘she’ll be right’ are unwelcome and unsuccessful attitudes in global business; being unwilling to partner or collaborate to help business go further; a transactional approach to business and an unwillingness to establish and maintain relationships. While this issue is particularly strong in China and Japan, all five markets highlighted this as a shortcoming of New Zealand businesses.”

Although these are only perceptions and there are obviously Kiwi businesses that are hugely successful on an international arena, in a competitive global marketplace you don’t want to be seen as a provincial player, well meaning, yet essentially ineffective. To get an audience with a decision maker, people need to take your country seriously. Here’s how to forge lasting relationships in four of New Zealand’s top 10 trading regions.

“ACCORDING TO MANY, WE LACK THE PROVERBIAL KILLER INSTINCT, THE ‘HUNGER TO BE PART OF AN INTERNATIONAL BUSINESS COMMUNITY’.”

AUSTRALIA (NO. 1)

Friendly sports rivalry aside, Australia and New Zealand are strong trading partners, with trade between the two making up 23.9 percent of New Zealand’s total international dealings.

Tim Green, NZTE regional director, Australia and the Pacific, says that as with other English-speaking countries, the biggest issue New Zealand businesses have when entering the market is that they imagine it is going to be easy – the same as business in New Zealand.

“More than any other factor that’s what leads to New Zealand companies becoming unstuck or taking longer to gain traction, burning more cash than they need to.”

He also cautions that there is no single Australian market, with regulations, licensing, accreditation requirements and consumer tastes varying quite distinctly from state to state. Even getting a bank account with a bank of the same name as one in New Zealand can be a challenge.

Some considerations to take into account that are often underestimated include the climate and geographical distance. Managing one’s supply chain takes on a whole new meaning when product can literally arrive melted, and the huge distances between centres load costs onto the supply chain.

On the positive side, Green explains: “Some of the assumptions we make are missed opportunities. Australia is a wealthier country, and consumers have more cash to spend. Don’t assume the price point is the same.”

Deloitte surveyed successful New Zealand SMEs in the Australian marketplace (which included Charlie’s Trading Company, Molemap and Kea Campers) and found they shared a number of key success predictors. These were summarised into the ‘five Cs’: clarity, commitment, capability, connections and cash.

As Green expands: “Clarity is going into the new market and asking, have you a clear sense of your strategy and what you’re looking to achieve there? Have you



Michael Stedman.

Tim Green.

taken the time to develop a plan that is suited for Australia?

“Commitment – let’s not do this half heartedly. If we’re going to take on the market, recognise it’s going to take some time and tenacity, give it a big chunk of senior management time. With capability ask yourself, have I got a robust enough business back in New Zealand that can handle taking that initial step?

“Another big difference between New Zealand and Australia is that Australia is a very well networked business society and a lot of business is done within fairly closed business networks like old school or sporting networks. Crack those local connections, or invest time in recruiting Aussies who bring connections with them.”

Cash is, as always, key, with Green reminding companies to be prepared to take some time to get to the point where you are generating cash. Without solid research and a planned approach, a company could simply run out of money.

CHINA (NO. 3)

“I remember sitting in China and watching five documentaries in a row and all the film makers were watching me watch them. The first question I was asked was which I liked best. My answer? It’s a lit-

tle like asking me which of my children I like best. Were they interested in which one I liked, or how I would deal with the question? What were they actually asking me?”

Michael Stedman’s NHNZ is the largest producer of documentaries for the west in China, and has had a base there for nine years, giving the company unprecedented access into the area. Over that time, he has learnt, as he puts it: “the power of the metaphor. A lot of it is intuitive and you know when you are being tested.” The ‘favourite documentary’ question is just one example gleaned over decades of experience that Stedman could share, but for him, patience is the key trait to have when working in China.

“I’ve watched English companies in particular have very tough times in China,” he says. “They come with a colonial imprint, and want to work to their schedules and time frames. It’s a bit like being in a great river – you can go across or down, but you’d be pretty hard pressed to go against the current.

“In China things take time. You may go four to five times before the deal is done. You have to be able to adapt to the situation and understand stuff like face. This is true for Japan as well – getting ‘no’

is almost impossible. You learn to test answers three or four different ways so you know what they are agreeing to. Yes is not ‘yes you can do it’, it may be ‘yes, I heard you’ or ‘yes, I’ll think about it’.”

Dunedin-based documentary maker NHNZ was recently awarded the inaugural International Achievement Award at the Qantas Film and Television Awards, so it’s obviously worked out just how to get that elusive ‘yes’.

Amongst Stedman’s top tips for working in Asia are “to do your homework as you can never do too much research; be patient; and, work on a five-year, not a 12-month plan”.

Stedman also cautions that you have to learn to say no. “They will push a hard negotiation in China and they expect you to push back. Even when a contract is signed it doesn’t mean a negotiation is over, you have to be prepared to walk away and say no.”

JAPAN (NO. 4)

Preparation, research and commitment: These are the three key points Shaun Conroy, NZTE regional director, North Asia, recommends for successful entry into the Japanese market. He should know. He’s been in and out of Japan in varying capacities since he was 16.

Citing an earlier personal example of what not to do, he says: “We spent the better part of 18 months trying to figure out how to do it, that was a learning experience. Had we spent \$50,000 on a good consultancy report that gave advice into channels and a potential customer base, we would have spent a lot less. Research upfront can really benefit you in the long run.

“Japanese have high quality standards and are infuriatingly detail driven. Their overall standards are much higher in general than most New Zealand companies are working to. A lot of people see the investment of time and effort, language and culture as very daunting. Once you



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Shaun Conroy.

Christian Dahmen.

meet those standards you have clients who will stick with you and work with you for a long time.”

The first steps Conroy recommends are to have a clear understanding of what is involved, how long it takes and how much money it will cost. He says: “The culture is not that difficult. Japan is more expensive and takes longer than most markets. It takes three years to develop a relationship on the ground. Coming to the market three to four times a year, you’re looking at a quarter of a million dollars. You can bootstrap, but that is what I believe is a benchmark. If you look at investing that kind of money you need to be of a certain size.”

Conroy stresses that businesses should spend a lot more money than they normally would on research and understanding the marketplace. He says: “Know exactly and honestly where your products fit. You need to know as much about the market as your agent.”

GERMANY (NO. 8)

Christian Dahmen specialises in “complex adaptive strategies in foreign markets”. A former psychologist with an impressive management career under his belt, the German ex-pat now advises CEOs

and senior management on driving their careers forward.

He also lectures at Auckland University on complexity management, and the first piece of advice he gives companies attempting to go into new markets is to: “Accept that the world is complex. Linear thinking that assumes ‘I’m an expert and I know how these people think and what they do’, is often flawed. Learn about complexity. The best strategy is the ‘toe in the water’ approach – and be prepared to pull it back. Michael Hill is very successful as his strategy is to try really hard to find local people to run the shop. In other words employ people who know how to drive in this complex environment. The approach is actually not bold but sensitive, adaptive learning.”

When dealing with the German market, Dahmen advises never going into a negotiation without data or stats to back up your claims and not to be overly emotive or try to use humour in your negotiations. As he says: “Emotions in Germany are like spices, you can over salt it. This should only be a tiny ingredient. A German’s goal is to produce a high-quality product so it is critical that you come across with the notion your product is top quality.”

It is also important that you are con-

sistent. He says: “Do what you promise. Once you get a German to give you a commitment the German does it.” It works both ways in that if you don’t deliver on a promise, that company will likely not do business with you again.

A potentially frustrating aspect of your initial negotiations will be meeting with what seems like an army of evaluators or what Dahmen refers to as the “classical PA, a guard in front of the door”. Once they have enough data it sits on the desk of the decision maker and you may not hear anything for a long time. He says: “In your discussion with the evaluator, find out who the decision makers are. Ask a naive, casual question – can you make a decision on this? Don’t take it for granted they can.”

His final pertinent points are to: “Hold some negotiable offers in reserve – Germans are notorious for requesting last minute concessions; negotiate from a position of strength as they always do so, as if on behalf of another party, and they negotiate until the last minute. Germans know that people weaken when they get closer to what they want to have.”

Finally, Dahmen describes the German psyche as “the glass is half empty” – trust gets established over time, not from the start, but the rewards come in the form of a lasting relationship that does get more casual and less hierarchical.

Organisational culture researcher Mats Alvesson says: “Culture is rather like a black hole: the closer you get to it the less light there is thrown on the topic and the less chance you have of surviving the experience.” In some situations this can be true, however some common threads wind through the advice these experts give, namely: do your homework, research, plan a clear strategy, allocate more time than you think is necessary and build up those relationships. And as always, make sure you have plenty of cash – you’ll need more than you ever imagined to survive. **M**