

# Pottinger

PERSPECTIVES

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## WOULD YOU LIKE FRIES WITH YOUR FOIE GRAS?

Cross-cultural awareness and sensitivity on the road to success



The menu of the restaurant on the terrace of the iconic casino in downtown Monte Carlo is printed in French, English, Italian and Russian, in that order. Even with my rusty French, I can be certain what type of starch will come with my schnitzel, that definitively Monegasque dish. Our waitress, who is as bronzed as the sun-drenched yacht crews swilling around Port Hercules just across the bay, moves seamlessly between all four languages, behaviours and courtesies as she works the room.

Cross-cultural awareness, sensitivity and fluency is nothing new to this part of the world. It is hardwired into Monaco's history and geopolitics. Everywhere we go, we are greeted with the same hyphenated 'bonjour-hello-ciao'. Croissants come with caviar, if that's your thing. Champagne and pasta? No problem. From a tourist's perspective, Monaco is a melting pot of everything from up and down the Riviera and around the world, as long as you can stomach the price tag - ours is a very, very short stay. It's decadence and excess to the max and, quite simply, lots of fun.

Of course, few places we have ventured on our journey from our East Village apartment in Manhattan to our home in Sydney after five years living abroad has been so cross-culturally integrated. And while lack of cultural homogeny is one of the great joys of travel, I continue to be struck by a cross-cultural blindness (or even just subtle blinkering) which speaks loudly about the value certain people ascribe to maintaining an international perspective. As an international traveler in 2015, that just seems odd.

In business, if you don't have an international perspective when you are negotiating international deals, you have failed before you have started. This idea is of course unsurprising. Yet there are many who mistakenly assume that as business has become ubiquitously global, so have the players' attitudes. In the complex world of cross-border M&A, lack of cross-cultural awareness and sensitivity continues to be one of the key sticking points to getting deals done efficiently and effectively. Whether it's managing timing, process or stakeholders' expectations, or the way issues are raised, negotiated and decided, vast amounts of time, energy and money continue to be wasted by failing to leverage cross-cultural awareness and sensitivity.

Cross-cultural awareness and sensitivity are different things. Awareness comes from education and experience, whereas sensitivity is a choice. Not everyone has lived or done business in, or travelled to, multiple countries. Not everyone has had the time or resources to study other cultures or societies in detail. Those who are lucky to have done so may have had cross-cultural awareness

creep under their skin almost unnoticed. But everyone - from office clerk to CEO - can choose where they wish to sit on the scale of cross-cultural sensitivity. And the good news is that sensitivity can be achieved through two basic behaviours: being open and asking questions.

#### **Lost and found**

My wife and I are traveling from the US to our previous home in the UK, then to France and Italy, and finally Australia. While our itinerary is heavily engineered towards gluttony, and in particular my love of wine and my wife's affection for pasta, we are more driven by our love of displacement; our lust for 'lostness' because of the promise of discovery.

But in business, when engaging in cross-border transactions or assignments, lostness gets you nowhere. It's unsophisticated at best and at worst, simply rude. If you are a Russian steel manufacturer and want to negotiate a joint venture with a potential Japanese investor, then you need to get on board with the reality of the ringi (the complex and multi-layered decision-making process that must be followed by many Japanese





companies) before you can accurately understand what executing that transaction will look like and how long it will take. Do the decent thing and learn how to address people - in person, on the phone and over email. Understand the continuing value of business cards for formal introductions in Japan. Do your research and know which is your seat in the boardroom.

On the other hand, if you are that potential Japanese investor, you need to know that there may be one person at that Russian steel manufacturer who has the authority to change the commercial deal completely at the eleventh hour. Look people in the eye when addressing them...or don't (if you change your mind and pursue other opportunities in certain African countries or parts of Latin America).

And that's just getting the deal done. What that joint venture will look like forever after in terms of cultural integration is an entire other story.

#### Up your interest rate

When thinking about transatlantic assignments, the first mistake to make is to assume that the sophistication of the US and UK markets makes them interchangeable from a deal execution perspective. Crude and polarizing generalisations like British politeness versus American brashness are also equally unhelpful when attempting to understand cultural fabric. You need to look under the skin to access cultural nuances in order to get the deal done effectively. As an experienced British CEO, understanding the different market practices is one thing, but knowing what it really means for the board

executive sitting across the table from you to be from Queens instead of Brooklyn (and what each of those boroughs think of those from Manhattan) is another.

Want to do business over lunch? In New York City, deals are being signed, sealed and delivered everywhere you turn in Midtown every day. Transplant yourself to the north-west of Italy and you may draw strange looks for proposing such a meeting. In some industries business stops at lunch (supermarkets close, hairdressers stop cutting) and Italians take a break to meet others for sacred social time. Even those behaviours confirming that the lunch itself is a commercial transaction - such as asking for *il conto*, *per favore* - should be done more subtly. The locals, in maintaining the sacred social space of the dining table, discreetly walk to the point of sale (which, in more traditional venues, is often not within view of the dining room) when ready to leave.

#### There are no stupid questions

Lack of first-hand experience is no excuse to become sloppy in your cross-cultural relations. On the contrary, it's the perfect opportunity to open a dialogue that will strengthen your perception of openness and genuineness. And that's the method right there - starting a conversation about someone else's point of view. If you don't know, ask. The easiest way to get ahead in your business relations is the same as in your personal life - ask, listen, adapt, act.

So open your eyes to the reality that things are said and done differently from the way your team does things in Dubai, Beijing, San Francisco or Sydney. If you can't, then how

can you expect an effectively organized and executed cross-border transaction, given the cost and complexity of domestic deals? How can you expect to reap the rewards of global reach and enterprise if you stay local in your outlook? If you can't display even the most basic cross-cultural sensitivity in your international business dealings, you can't expect to arrive at the destination you're aiming for - whether that's on time, on budget or at all.

Avoid the temptation to look at things from the first floor of your own way of life - whether that's your home country, culture, language or organization, rather than looking up, out and over the full 360 degree view from the roof. There is obvious comfort and ease on the first floor - that's where your hotel room is, ordered in a way that best reflects your personality or other lives, whether those be home or work. But the roof is where the party is: the pool, the bar - whatever. And in case it's unclear where the value resides in these competing perspectives, just think about hotel prices (not just those in Monaco): the better view is worth the premium when there is something great to see. **P**

*John Sheehy has recently joined Pottinger as Vice President, M&A & Strategy. He joins the firm from Linklaters LLP, where he spent 5 years as a Corporate/M&A lawyer in London, New York City and Moscow advising on cross-border transactions involving assets or parties in over 20 countries spanning 6 continents with a combined value of over \$50 billion.*

## Latest issue from Pottinger Perspectives:



In 1989, I moved to London. The 1987 crash was fresh in people's memories, and financial markets and the business sector were subdued. Jobs for life were still the norm, but the outlook was uncertain.

At the time, Australia's GDP was US\$0.3 trillion, about 32% the size of the UK (using historic exchange rates). It was a romantic holiday destination, famous for Uluru, the Barrier Reef and kangaroos, but it was far from a significant world power, least of all in the minds of its population and leaders. Australia had punched above its weight in the 1983 America's Cup, ending 132 years of American dominance and the longest winning streak in any competition, and had had numerous successes in other sports. But economically, it was still viewed as "just another of the colonies", even if such a term was already anachronous at the time.

<http://www.pottinger.com/australia-dreaming.html>

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Pottinger is a multiple award-winning strategic and financial advisory firm.

We de-risk M&A transactions and strategic transformations by integrating strategic insight, transaction expertise and data analytics, enabling leaders to make decisions that stand the test of time.

We work with clients who are ready to think differently and act differently. Our assignments typically relate to one or more of:

- Strategy and public policy
- Mergers and acquisitions
- Partnerships and joint ventures
- Restructuring and capital advice
- Risk, sustainability and related decision-making

Together our team has advised on over 200 M&A and financing transactions, as well as many significant strategic advisory assignments. Our experience covers most of the world's larger economies, and we enjoy the complexity of assignments that extend across borders and cultures.

We are regarded as an industry leader in productivity and as a role model for investment in our people. We have been recognised by the Australian Government's Workforce and Productivity Agency as a benchmark for effective skills development and for seven consecutive years we have been awarded "Recommended Employer" by the Australian Business Awards.



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