

At Home with **European** Business

The European Union is a complex amalgamation of independent nations. A residency program at a European school can teach international executives how to slip through the cultural barriers and effectively conduct business in the EU.

by **Christopher Cripps**

As business becomes increasingly international, it's imperative that executives around the world understand the cultures and practices of the countries where their companies operate. One of the most complex regions in the world is the European Union, which contains 25 countries, 25 national cultures, and countless subcultures for businesspeople to negotiate. Regulations, working conditions, and business protocols all vary greatly from country to country.

Despite the fact that international executives routinely find themselves doing business in Europe, many of them are not well prepared for the challenges they will face. Business schools that operate in the EU have a unique opportunity to offer executive education programs that familiarize managers with the situations and settings that await them once they start doing business in Europe.

Taking advantage of its location in France, the Grenoble Ecole de Management has developed European residency programs that can be customized for visiting executives from many nations. We keep the size of groups to 20 or 40 people and conduct programs in English over seven to ten days. Participants may stay in Grenoble for the duration of the program or travel to other parts of Europe to observe contrasting views of business in cities such as Geneva, Paris, Munich, Berlin, Budapest, Prague, Brussels, Vienna, and Warsaw. Two-thirds of our program participants come from the U.S. and Canada. The next biggest group is from China and other parts of Southeast Asia.

We believe executives develop a broader perspective on doing business in Europe when the program focuses on seven key areas. We also believe that, if it offers an appropriate mix of topics and activities, even a short residency program can provide an extremely valuable education for non-European managers.



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1. Appreciating Cultural Differences

It's impossible to discuss European business with executives until they have at least an introductory knowledge of the cultural factors they will confront. In our programs, we've found that approximately 65 percent of the Americans and 85 to 90 percent of the Chinese who participate have never left their home countries before. Therefore, it's absolutely essential to inject some "cultural awakening" into any international residency program.

Many participants arrive with their minds full of stereotypes—which they don't mind voicing. Americans will say they expected the French to be rude to them. Chinese participants will struggle through their first salads. "Chinese food is the best!" they will declare within earshot of the chef. The question we hear most often from all visitors is, "How can the French be competitive if they only work 35 hours a week?"

Obviously, it is not easy for participants to shed their cultural baggage. However, at Grenoble Ecole de Management we have developed techniques that help executives identify culturally different situations, learn how to go against their ingrained national instincts when appropriate, and manage effectively in new countries. Sessions are conducted by professional cross-cultural trainers with multicultural knowledge and experience.

With the Chinese, we will most often explore the issue of food, which is usually their biggest concern when traveling abroad. They simply are not accustomed to eating Western-style meals. Many have never used fork and knife. And, like the French, the Chinese have a deep love of their own cuisine.

We tackle the issue at the beginning of a Chinese program and explain the different types of foods participants may encounter. We always plan for the first meal to be typically French but with a menu our Chinese guests won't find offensive. We then walk them through the French way of dining. Meals in the middle of the program alternate between Western and Asian cooking. This helps the learners remain within their comfort zones for some meals while they are pushed to try new things at other times. It's always delightful when, by the end of the program, they have found European food they enjoy.

We use different tactics to address the Americans' perception that the French are unfriendly. As a U.S. native living in France, I've always tried to make sure my fellow Americans don't leave the country with a negative opinion about the French. Many cultural incidents, for instance, occur in restaurants. Americans will often exit an establishment making comments such as "The waiters were rude"

or "We could tell they didn't like us because the service was really slow." We hear these comments dozens of times after the first day or two of any program.

Defusing these cultural misunderstandings always begins with an examination of the group's behavior at the restaurant. We will ask: "Were you making a great deal of noise or laughing loudly? Were you being impatient? Were you using humor the locals couldn't understand?" Generally, the answers to these questions are "yes, yes, and yes." We get straight to the point: The French *do not* dislike Americans. What the French dislike is certain types of behavior that some Americans exhibit in public. For a Frenchman, eating out is the evening's entertainment, so a meal might last three hours. There is no such thing as eating and running in France, except for the purchase of a sandwich off the street. The French also want peace and quiet during their meals. Once our American visitors understand these points, they generally start keeping each other quieter and taking more time to savor their meals.

Even if a program only dedicates a few hours to the topic of managing cultural differences, participants often will note that these components are the most useful. The goal is to ensure that participants understand how important culture is to the way people live and do business in their host country. These sessions also will help participants get a better grasp on their own cultural identities—which is the first step toward understanding someone else's.

2. Understanding the European Union

International executives doing business in Europe also need to gain some perspective on the realities of doing business in the EU. In our residency programs, we discuss the geopolitical issues of the day, such as feuds over common agricultural policy matters and worries about European border security and immigration. We also look at the aging population of Europe, the growing divide between rich nations and poor nations, and the new attitudes of young people toward Europe as a whole.

Next, we spend time exploring national differences and cultures. It is not always easy for non-Europeans to see the differences between European nations. During one recent session, we transferred a Chinese delegation from Grenoble to Munich. As we sat down for our first plate of schnitzel, in a restaurant filled with German-speaking patrons, someone asked a member of the group what he thought of Germany. His answer was, "It's just like France. I can't see a bit of difference. Same people, same food, same buildings!" The *différence française* just took a hit!



It's also crucial to help visitors understand how geography affects business in the EU. Many international executives are from huge countries, such as the U.S. and China, or countries surrounded by water, such as Indonesia. They often have trouble comprehending the idea that, when they're in Europe, if they put their car in gear and drive for five hours, they can go through three or four countries where six different languages are spoken. We stress to participants that just because countries are close or contiguous does not mean that the people are particularly similar. The Germans, Austrians, and Hungarians will attest to that.

Finally, we discuss issues such as the difference in labor practices in each country. Among other topics, we touch on the fact that some of the richer companies are outsourcing their labor needs to poorer nations, causing unemployment and factory closings in more developed countries. By covering contemporary issues like these, we help participants in the residency program better understand how the EU functions as a collective unit made up of very different nations.

3. Learning to Conduct Business

It's crucial for visiting executives to understand how the host country conducts business. At the Grenoble Ecole de Management, we hold a workshop in which local academics or practitioners take participants through the key elements every businessperson must be aware of to operate in European nations.

Naturally, the group will tackle the most obvious issues, such as corporate governance, management styles, hierarchy, labor unions, and the role of government in business. These topics make for good "compare and contrast" discussions between the participants and their hosts. However, we've found that even more debate, excitement, and sometimes shock are generated by hot-button topics such as women in the workplace, maternity leave, working time, working conditions, the numerous weeks of paid vacation enjoyed by

most Europeans, and the relatively high taxes companies pay in addition to their employees' salaries.

We actually had a minor incident a couple of years ago on the topic of women in the workplace. Questions on this subject are most frequently asked by Americans, the U.S. perhaps being one of the more advanced countries in terms of equal opportunity. We were visiting with the male store manager of a French hypermarket chain when a woman from our group asked him whether any of the upper managers were female. When his answer was "no," our participant asserted that such a situation was not normal and asked why women were kept out of the top echelons of management.

The very surprised manager explained that the door was open and that the opportunity existed for women to attain upper management positions in the chain. He observed, "In France, many women do not seek such high positions because of the close knit-family structures and their desire to have time for their families." Our group member was not entirely satisfied. The next day we brought in a female French colleague to address the issue and answer further questions. This helped clear the air on a very touchy subject.

In addition to examining such cultural issues, we think it's important to cover the host country's attitude toward education. Participants are fascinated to learn that, in some European countries, people can be defined for life by what degree of education they've attained and what schools they've attended. In France, for example, even 50-year-old job seekers will be scrutinized for their academic pedigrees, even if they have a stellar 30-year track record of success in business. French employers believe that the more elite the school, the greater the likelihood that the candidate will be of high quality.

4. Visiting Local Companies

International executives can learn a great deal about European business if they have a chance to tour companies in and around the host city to see firsthand how business is conducted. Participants in our program visit a cocktail of three to five companies. One might be from the manufacturing sector and one from the services sector; one might be large and another small. We also expose executives to companies owned by a variety of nationalities. It is always interesting to visit a Hungarian company while in Budapest, but if we are in Hungary conducting a session for Americans, we will also add in an American company doing business there.

We always choose speakers from the top tier of management. Most have worked abroad and understand the curiosity of their audience. After speakers make a general

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presentation, they hold an interactive discussion with the audience and field questions from participants. It's ideal if these sessions can include expatriates from the visiting executives' home country. Those expatriates will have a mindset that's similar to that of the visitors, and thus they can more easily help the visitors understand what it's like to work in the host country.

Once the speaker is finished, the group tours the factory or corporate offices. Visiting the company's facilities lets participants see how people really work in the host country. Invariably, the tour raises questions about health and safety in the workplace. In Prague, executives might ask, "How can that woman cutting crystal not be wearing safety glasses and a mask?" or "That man who is blowing hot glass into a vase. Why is he barefoot?" In Hungary, a typical comment might be, "I can't believe the people painting these beautiful Herend vases by hand make less than \$800 a month." Such questions and more can be discussed at the end of the visit.

5. Networking with Local Executives

In any executive education program, participants benefit tremendously if they're allowed to draw some of their experiences from informal settings. During Grenoble's residency program, we set up dinners and cocktail receptions where foreign visitors can act as hosts to local executives. At these events, the European executives and the visiting managers get a chance to trade valuable business information. Once the beer and wine start to flow, there is much networking and general discussion on a range of issues. These "executive receptions" are always highly successful with the visiting groups and the local participants.

However, we cannot hold these receptions in every country. Again, cultural differences are in play. The Germans come in droves to these executive receptions, giving their time freely and enjoying themselves thoroughly. In contrast, executives from another country, which shall remain nameless, ask to be paid to attend!

6. Experiencing Daily Life

We believe that executives can't learn the true flavor of a country unless they have the opportunity to visit famous sites, eat local food, visit bars, shop, and make cultural mistakes with local merchants and restaurant staffs. It is absolutely necessary for residency participants to take part in the life of the country, however limited that time may be. The resulting experiences contribute to both group cohesion and cultural learning. They also prompt participants to ask more questions in class and during company visits. In addition,

such experiences generate some great anecdotes, which are also part of the learning experience.


7. Learning to Communicate

It's unlikely that any short residency program will be able to focus much on language, even though that is an important consideration for executives doing business in a country that is not their own. At Grenoble, we do teach participants a small selection of survival phrases for each host country. More important, we stress the value of learning to communicate with the locals in spite of the language barrier. We also discuss the difficulties language creates for people working in the EU, whether or not they are European.

The Right Balance

Residency programs can be tailored to suit the needs of any group of visiting executives. However, our experience shows that a nearly equal mix of classroom time, company visits, and cultural events makes for the best experiential learning program. Such a ratio gives the participants a balanced look at life in Europe on both the professional and human levels and shows them that culture, education, and business practices are all linked. In addition, a well-rounded program helps visiting executives gain a better understanding of their own cultures while they learn how their country is perceived by others.

Participants often develop close relationships with their classmates. For instance, many business deals have resulted from residency programs at the Grenoble Ecole de Management, and some of our past residency participants have been recruited by European companies. One of our Canadian residency participants even married one of our U.K.-based lecturers after they met in Grenoble. Talk about a cultural exchange!

Globalization has made it critical for management educators to equip their students with the skills to conduct international business. No matter where a school is located, it can offer comprehensive training programs to executives from other countries who want to do business in its part of the world. While the culture and challenges of the EU are unique, the seven areas that form the foundation of Grenoble's approach to cultural education could be modified to suit any school's program. After all, managers who understand the intricacies of local markets will quickly develop a competitive edge in international business. 

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