



Worldwide interconnectedness increases the need of cross cultural competence in the automotive industry

In fact every automotive enterprise is in one way or another deeply interconnected through co-operations, joint-ventures, equity holdings, alliances, mergers or supplier contracts, with other automotive companies, often competitors.

This complex interwoven net spans the entire globe and crosses geographical, cultural, corporate culture borders as well as time zones and languages.

As a result we see two fundamental challenges:

At eye level partnerships

On the one hand one strives for – as repeated again and again in numerous press release – establishing partnerships “at eye level”. But what does eye level actually mean? And if you have the definition, are you sure that your partner has the same definition and understanding?

As many real life examples show, there have been numerous misunderstandings of being at eye level. The spectacular break down (nearly 40 billion €’s for a marriage of nine years) of the “Welt AG” DaimlerChrysler is just one, and probably the best known example of a common base that was lacking in defining and

agreeing on eye level. Also BMW burned its fingers with Rover and lost nearly six billion €’s. The alliance between Volkswagen and Suzuki didn’t last either. After three years the alliance partners separated and Suzuki accused Volkswagen of breach of promise. All these scenarios don’t really reflect authentic eye level partnerships, but rather a loss of image.

„The majority acts along the lines: „take a deep breath and get to it!“ They are satisfied when the finance-, law- and tax-experts give their green light. If the organisation and processes, culture and personnel really fit, is not of real interest to anyone“, wonders the business economist PhD Gerhard Schewe¹.

The human factor

Every liaison in industry is based on a so called “due diligence”. In a due diligence exercise, primarily financial, legal and tax aspects are being audited. An audit or analysis of the fit of two or more corporate cultures and the employees of an organisation who stand for and behind each organisation is often regarded as less important. But precisely this human factor, which is instantly linked to trust, team-spirit and the ability to co-operate, is held accountable for failure and success of any kind of partnership. The reality of the global interconnectedness forces us to not only look at the human factor on a national/cultural level. The cross-cultural component needs to be taken into account.

¹ PhD Gerhard Schewe quoted in: „Wie sich das Scheitern von Fusionen verhindern lässt“ von Hans-Jürgen Klesse; erschienen in der WiWo am 26.06.2009:
<http://www.wiwo.de/unternehmen/zusammenschluesse-wie-sich-das-scheitern-von-fusionen-verhindern-laesst-seite-3/5552772-3.html>

It is crucially important to establish a basic understanding as well as willingness to rapprochement and acceptance for the foreign business partner. In an ideal world, this has to happen before the partnership is signed on paper. Logically every transformation is a process that requires time. Most co-operation partners believe in potential synergies, and stand behind the potential joint product. Being convinced about the final product is not enough; one must also be authentically interested in the development of a human working relationship.

It is totally normal that this is perceived as a challenge at first. "We have always been working like this, it works, why should we adopt the way of our competitors now?" This is a common sentence, which is an alarm bell for entering a dead end street. If this emotion is felt and expressed, we have a clear indicator that we – before even getting started – have already drifted away from the press releases language of "eye level partnership". We are then in the world of winning and losing – competition.

To establish a culture of give-and-take, to engage with the (different) experience and know-how of the partner is essential. We are learning from mistakes. BMW and Peugeot Citroen lately created a joint venture (BPCE) and right from the beginning the partners are focussed on establishing a common basis of collaboration. Top management takes the time to establish joint values, which stand for the joint venture culture.

The new corporate culture is then cascaded down to all members of the joint-venture. Also Daimler made sure that their co-operation with Renault-Nissan is build on joint solid pillars.

It seems like a shift has happened, it is not about winning anymore. To be at eye level is now being seen as critical success factor to make the liaison sustainable and successful. In a nutshell, we have understood that only if both (or more) partners win, will the liaison bear fruits. No automotive company, no matter how financially successful they are, ever wants to lose the horrendous investment sums like in the past. It has nearly become a question of honour: one wants to be perceived and is acting like a reliable empathic partner.

One way to approach an efficient and trustful partnership is the development of a "third culture". In workshops the „new“ co-workers define values and rules on how one wishes to work together. This circumvents political power games and the frictional loss that comes with pushing through the one or the other corporate culture.

To know or rather to learn that, for example, the design phase in France is seen and valued in a different way than in Germany is equally important as to know that top engineers in France usually are educated in elite schools, in comparison to some gifted technical engineers in Germany who didn't even go to University but worked their way up. Just picture for a moment the predictable clash between these two engineers.

At the end of the day it is all about acceptance, and acceptance is easier to trade, when you know the (cultural) background and imprint of your partner. If you are not aware of it, and you can't explain the „different“ behaviour, you will most likely run into trouble. As always when there is trouble it is much more time and cost intensive to get back to zero.

Want to learn more about our customized approaches in the automotive industry and how we apply third culture building in the interconnected car industry send us an [e-mail](#) or give us a call +49 (0)6221 – 735 13 71.