

# HOW TO COMPETE IN A GLOBAL MARKET – THE AGE OF COLLABORATION

By Mike Pehanich

*We wrap up our four-part series on Competing in the Global Marketplace with a look at the keys to working in effective collaboration with business partners.*



“I skate to where the puck is going to be, not to where it has been,” hockey immortal Wayne Gretzky once noted in an interview.

He probably didn’t realize that business gurus would turn that quote into the mantra of the 21st century businessman, a mandate to anticipate changes in technology or the marketplace before they happen. It is a metaphor for preparing ourselves and our organizations for the kind of rapid change that, at times, really does resemble the lightning-paced fury of a hockey game. (Then again, he is nicknamed “The Great One.” Isn’t he?)

First, the facts and a summary of what we have covered in Parts I through III in our series on “Competing in the Global Marketplace,” structured loosely around concepts developed by Thomas L. Friedman in his best-selling business volume: “The World is Flat.”

The world has changed. Technology and political change have leveled the playing field and made it possible for countries and companies from every corner of the globe to compete effectively in ways that would not have seemed possible a generation ago. Those changes brought both opportunity and threat to American companies. These companies are competing in a much larger competitive framework. However, they can also lower their cost structures by reaching across national borders for more economical products and services.

At times, American businesses have been their own worst enemies. Short-term quarter-to-quarter business thinking, old habits, and, in many cases, pure hubris have put many companies in compromising positions and handicapped their ability to operate effectively.

The patterns and rules of the game have changed. Lean business structures have replaced old models laden with too many people and too much overhead. Today companies must leverage technologies, services, and capabilities they have neither invented nor developed themselves.

## Playing Big

In the 21st century, a small group of smart, industrious people who understand the tools and rules of the global game can compete effectively with large well-capitalized companies. They can “play big” without being big.

“Playing big” is a concept built around effective collaboration:

It means using communication and information tools to extend one’s knowledge, reach and connections.

It means developing global awareness and becoming personally linked to the people who can help you and your organization perform critical functions not only today but tomorrow or two to 10 years down the road.

It means developing a culture around the inevitability of change and hiring individuals who embrace change and who are unfazed by the prospect that their job today may be replaced by a machine or system tomorrow.

It means building a team of individuals who are quick to leap into learning, who will develop the skills and knowledge needed to compete at the next stage of an ever-accelerating business evolution.

There are many ways to play big by being an effective collaborator.

## Hook Up with a Technology Innovator

The modern manufacturing organization has become, by and large, a lean machine, operating with fewer

workers and tightly defined objectives. But the downsizing that got your organization down to fighting weight may have cut a few cells from the brain trust along with the organizational fat.

Engineering and R&D departments suffered heavily in the organizational shuffling of the 1990s. Institutional memory and innovation became the unintended casualties of the purge. Companies also have focused their resources on line extensions and customer-initiated projects, all but abandoning the kind of higher-risk basic research projects from which leapfrog technologies generally emerge.

Indeed, the marketplace demands more creativity than ever today, yet many “lean and mean” organizations are neither staffed nor capitalized sufficiently to drive the kind of innovation that commands global leadership.

Enter the innovators – companies driven by, and staffed with, people who live for the next great technology.

“What we hear most from prospects is they want insight into a product or technology that will catapult them to market leadership,” says Mike Colburn, of Ideas Well Done of Winooski, Vt., developers of prototype foodservice equipment. “Often, they are not even working on it.”

Look at engineering, R&D or product development groups at Any Company, USA, and you’ll find orientation to incremental growth via line extension. “They are driven by existing product, not by the challenge to develop the next best thing that will lead the industry,” says Colburn. “If you look at the global marketplace, you’ll see that a higher percentage of European companies are focused on innovation, R&D, new technologies and designs – even new niches within technologies that apply to foodservice.”

Ideas Well Done does a mix of fee-based work, things “no one knows we are working on until they are done,” and research for pioneering technologies.

Foodservice chains are often direct customers today. “That’s a story in itself,” says Colburn. “The chains want what the manufacturers aren’t providing. Often, they can’t even get (manufacturers) to work on them.”

The company licenses many of its innovations on a fee-plus-royalty basis. In most cases, the company has already identified a market need and has identified the companies for whom the technology would be the best fit. For pioneering ventures, it may seek funding from the U.S. Department of Agriculture or the National Science Institute.

Most manufacturers today are thinking of quarterly returns, their bottom lines and their customers’ needs, Colburn says. But they aren’t looking down the road five or 10 years and asking what they need to do to lead their company or the industry to a dominant position in cooking, dish washing or other categories of equipment.

The relationship usually begins with a connection to the owner or CEO. Ideas Well Done often becomes “part of the R&D” of its partner companies. The best working relationship results when it is able to partner with the internal resources of the manufacturer.

“We help them set a budget and help set a direction,” says Colburn. “It’s usually a long-term process taking a year or more. We’ve fired customers because we didn’t have the right kind of relationship. If it becomes adversarial or we sense resentment – the ‘not invented here’ syndrome – we won’t work like that.”

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The drive for profit has historically kept companies in business, Colburn notes, but he thinks that drive won’t be enough in the years ahead.

“We’re looking for the next need, not just the next sale,” says Colburn. “Manufacturers today need cultures geared to change and risk. And there must be investment back into the business for products and technologies for the next decade.”

### **Build a Farm Team**

The modern foodservice equipment organization is undergoing constant changes as old organizational models prove inadequate and the need for new skill sets emerges. What do you do when you need the talent to fill a position you’ve never needed before?

Call a recruiter? Maybe. But many top execs are assuming the responsibility for locating talent themselves well before they need it.

“We build a farm team of folks who may or may not be looking for a job,” says Chris Berghoff, president, Control Products, Chanhassen, Minn. “As we

meet people with (key skills or interesting backgrounds) we decide to get to know them better and familiarize them with our company with the idea that we may want to call them in, say, six years.”

The “call-up” process is complex, involving multiple individuals. Interested prospects go through a series of exploratory discussions centered on company culture, team orientation and, eventually, the position.

“We also mention everything that may convince them not to take the position,” says Berghoff. “People don’t quit because they discovered something positive about the job.”

The candidate receives a list of objectives for the position and is reminded that there’s no training for this brand-new position. “We tell them, ‘You are the trainer... You will be training us,’” says Berghoff.

Lakeside Manufacturing, West Milwaukee, Wis., takes a similar approach to recruitment.

“We’re generally looking for entrepreneurial individuals who (understand risk and) are very persistent when faced with a difficult challenge, who love to solve complex problems and who like working with others and respect their talents,” explains Joe Carlson, president, who, like Berghoff, regards high-level networking and locating talent before the company needs it his personal charge. “When we see people like that, we try to make a place for them. They find ways to make things happen.”

It’s pure Gretzky!

“The biggest thing to remember is that key people are going to take you where you want to be.”

## Make the Right Connections/Best Practices

Louise O’Sullivan founded Prime Advantage as a buying consortium of product and service providers. While building her membership to more than 120 companies worldwide, she discovered that her company was in a unique position to become a network for solutions as well.

“Today, our ability to share best practices has become one of our key areas of opportunity,” she says, adding that collaboration was a major theme at the 2008 Prime Advantage Fall Conference.

From the meetings have emerged refined models for determining the total cost of business processes and the true cost of purchases of raw materials, services and components when factors like shipping, turn-around time and other often buried variables are factored in.

From such shared exchanges, companies are teaching each other how to eliminate waste from almost any business process. “They are taking ‘lean’ into manufacturing,

‘lean’ into sales, marketing and quotes, ‘lean’ into new product development and office practices.”

Today she sees an expanded role for her company: “To be the forerunner of the next big opportunity, whether it’s in personal development, supply chain practice, or the shop floor.”

## Learn to Collaborate Across Boundaries and Cultures

A.J. Antunes, Carol Stream, Ill., which operates a manufacturing facility in China for the manufacture of steamers, display cases pressure switches and water filtration systems, opted early on to hire only English-speaking Chinese workers. An Asian manager has operated the plant since 1995. Engineering and manufacturing personnel from the United States and China have monthly team meetings via teleconference. Chinese team members visit headquarters at least twice a year; U.S. members travel to China once per quarter.

“The biggest requirement when hiring is how well the individual communicates and listens,” says Glen Bullock, president, A.J. Antunes. “We’re looking for leadership qualities and passion and a willingness to take charge as a coach rather than just directing the operation.”

“We are learning every day in China,” says Berghoff, whose company built a plant in China three years ago. “And every day we realize how little we know.”

One of the paradoxes of the global village is that the more the nations of the world become alike, the more likely unforeseen difference in culture or business practice will trip us up along the way.

Communication is critical not only between plant and parent company

but between management and workers in our overseas plants or contract manufacturing facilities.

Control Products’ facility is located in the city of Suzhou’s industrial park – China’s largest. This location enables Control Products to hire “extremely knowledgeable workers who have been trained by the top electronics companies in China,” notes Berghoff. But cultural differences can at times pose “a massive challenge.”

“Much of what we may think is poor business practice (in China) is really a difference in perception,” Berghoff explains.

Chinese are culturally bound by long-term relationships of trust, not by the legal contracts that define American business commitment, he says. That truth has left countless American businessmen baffled and frustrated.

“You have to earn the respect of the Chinese and build that relationship,” says Berghoff. “Once it is established, neither side has the right not to oblige.”

Berghoff suggests “covering your bases” while building overseas relationships, particularly in China. “Put away your old American ways of thinking,” he says. “We’ve learned new ways to manage.” 

