

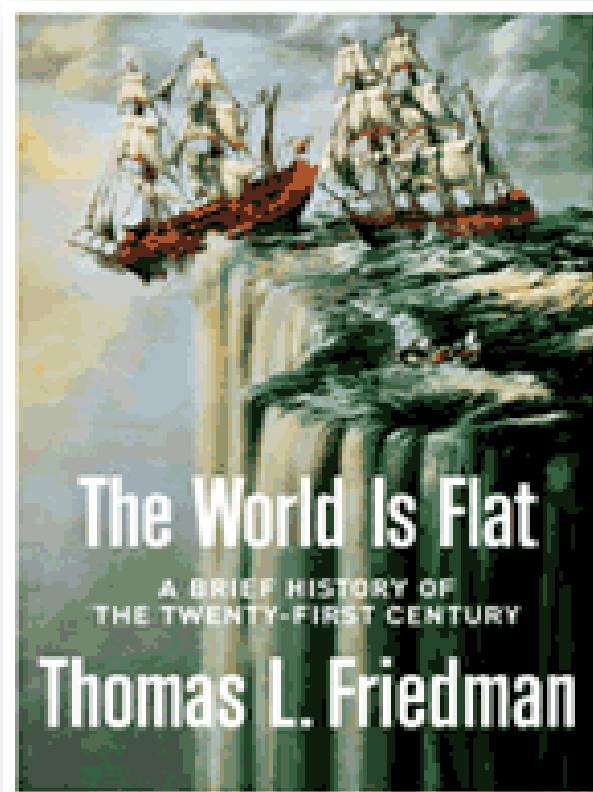
FISH CAN'T SEE WATER!



How the national culture can make or break your corporate strategy

Global Vækst, Fredericia, January. 20, 2015
Kai Hammerich

Two opposing views: So, Has the World Become Flat?



“In a global market, historical and geographical divisions are becoming increasingly irrelevant.”

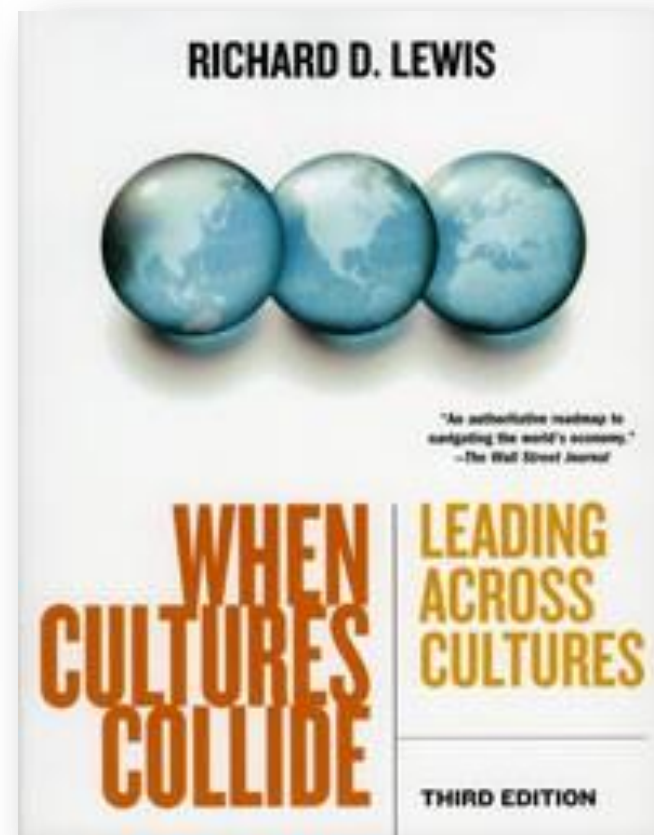
http://en.wikipedia.org/wiki/The_World_Is_Flat

THE WALL STREET JOURNAL.
WSJ.com

BUSINESS | August 14, 2009 or [Log In](#)

After Early Errors, Wal-Mart Thinks Locally to Act Globally

<http://online.wsj.com/article/SB125020662518330649.html>



*“Cultures are ancient, powerful and incredibly complex phenomena, **changing reluctantly, at glacier pace, possessed of great momentum and endurance.**”*

The book ‘When cultures collide’, Richard D. Lewis.
A study of the cultural characteristics of 85 nation-states on six continents

Are we open to Other People's Point of View?

Can fish see water?



decor souvenir place of prayer

The more you look at the world,
the more you recognise how
people value things differently.

www.hsbc.com
HSBC 
The world's local bank



trendy traditional traditional trendy

Isn't it better to be open to other
people's points of view?

yourpointofview.com

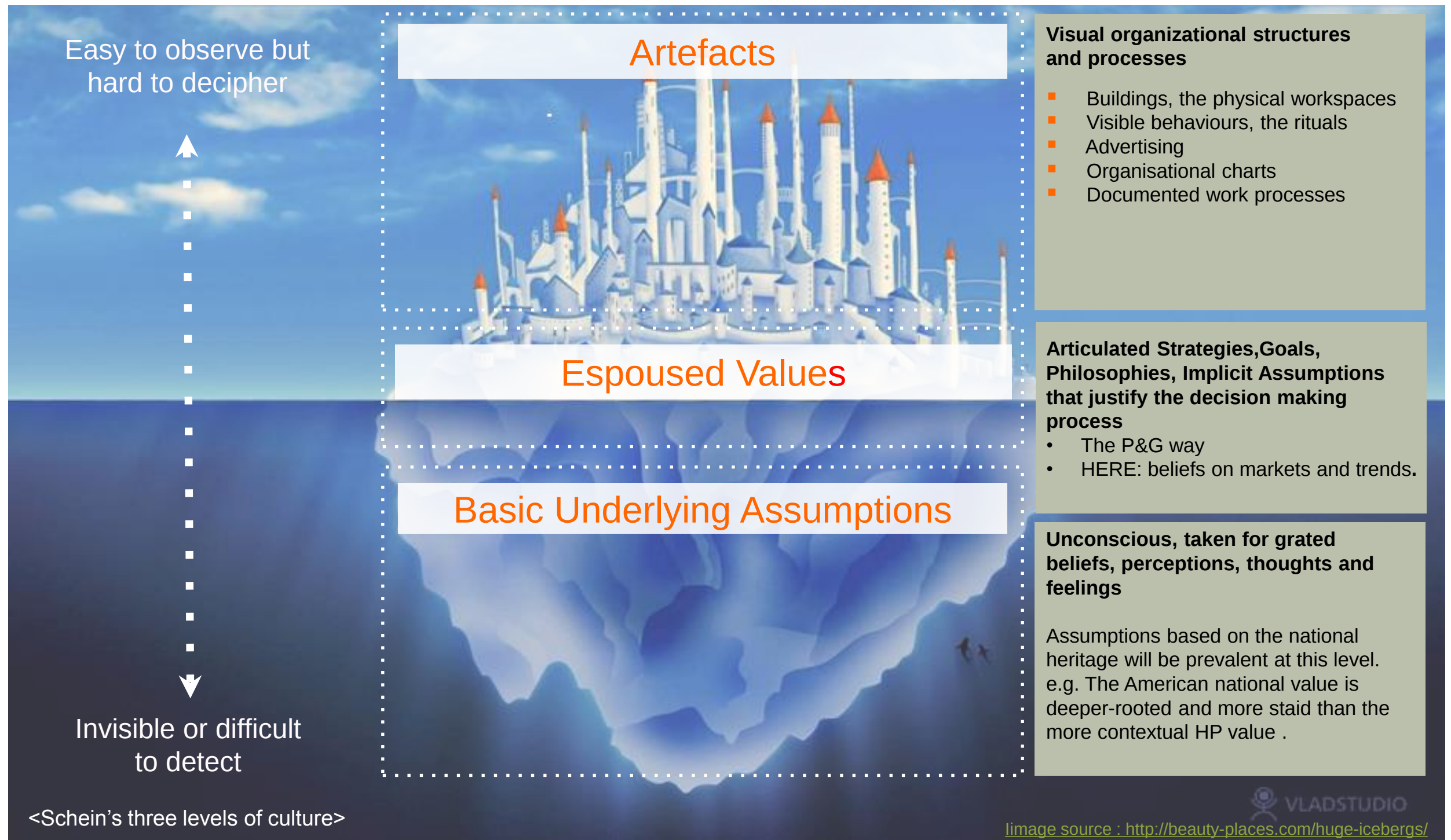
HSBC 
The world's local bank

Richard on culture

“Where national traits are concerned, we are all experts and victims. Culture hides much more than it reveals and, strangely enough, what it hides, it hides most effectively from its own participants”

How is Corporate Culture Shaped?

The early stages of a company's life are critical in defining the culture at three levels: Artefacts(Top), Espoused values (Middle) and Basic underlying assumption (Bottom)



The Wal-Mart case - by Richard D Lewis

Culture at the artefact level

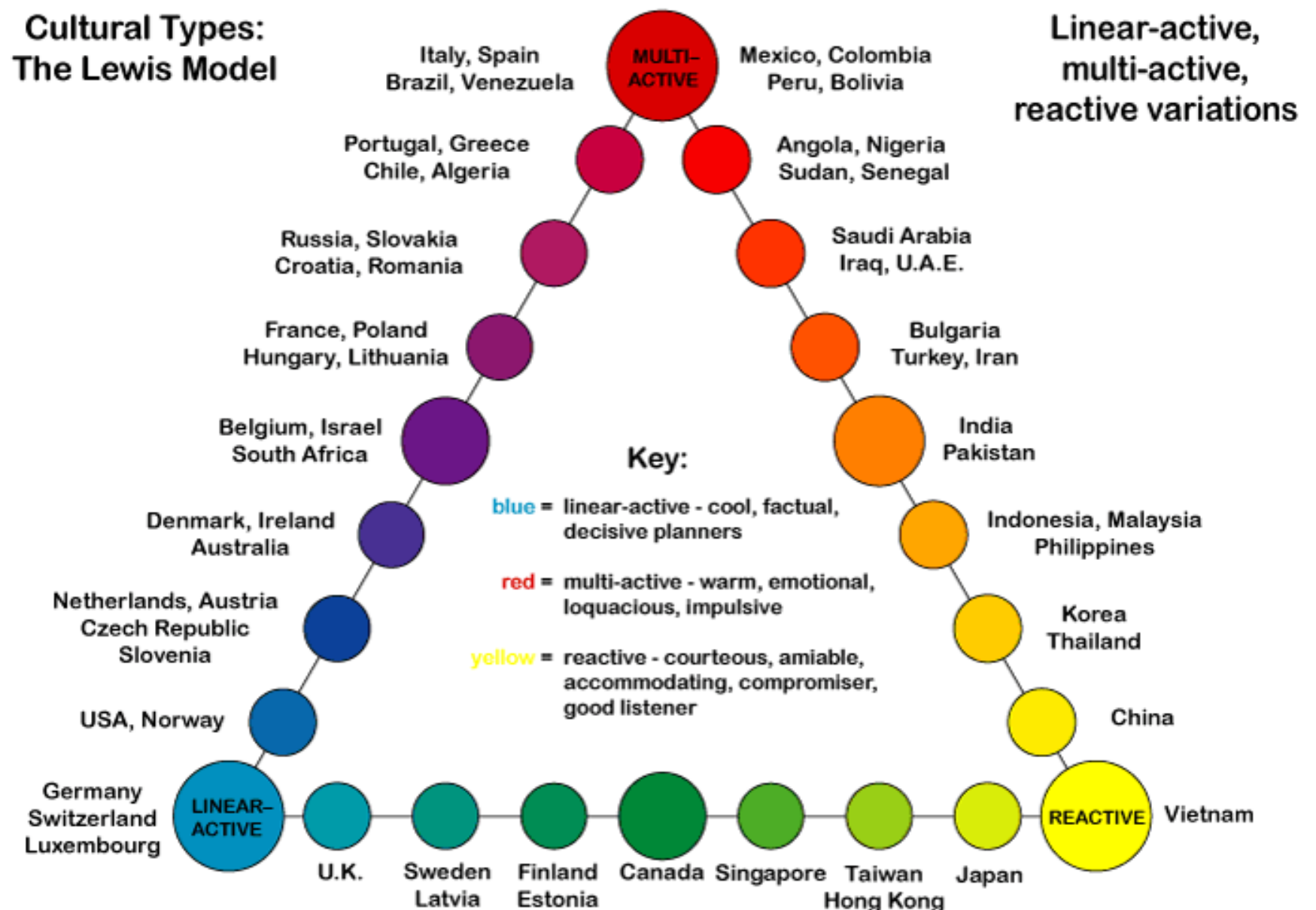
<https://www.youtube.com/embed/PzsId2Rfegl>

3. The Lewis Model®

A corporate culture follows the pattern of one of three cultural types:
Linear active, Multi-active, or Reactive

The Lewis Model shows:

- Handling of interpersonal distance, silence, and eye contact
- Communication styles that are reflected in the language patterns they use
- Ways to view the truth as absolute or negotiable
- Values, attitudes and world views



A quick look at the United States

(and what we may consider strong business cultural traits)

“Frontier Spirit”



The Mayflower



The film 'Far and Away'

Corporate Culture: Frontier spirit credos

Key national traits (How can these traits be potential advantages or disadvantages?)

- Confidence (the American Dream)
- Bias for action (speed)
- Bottom-line focus
- Masculinity

Masculinity:

Is this a list of the ideal virtues of the American leader & the KPIs on which he/she measures himself – and how we view successful business people? What is good leadership?



Daniel Akerson, GM



Steve Ballmer, Microsoft

Masculine

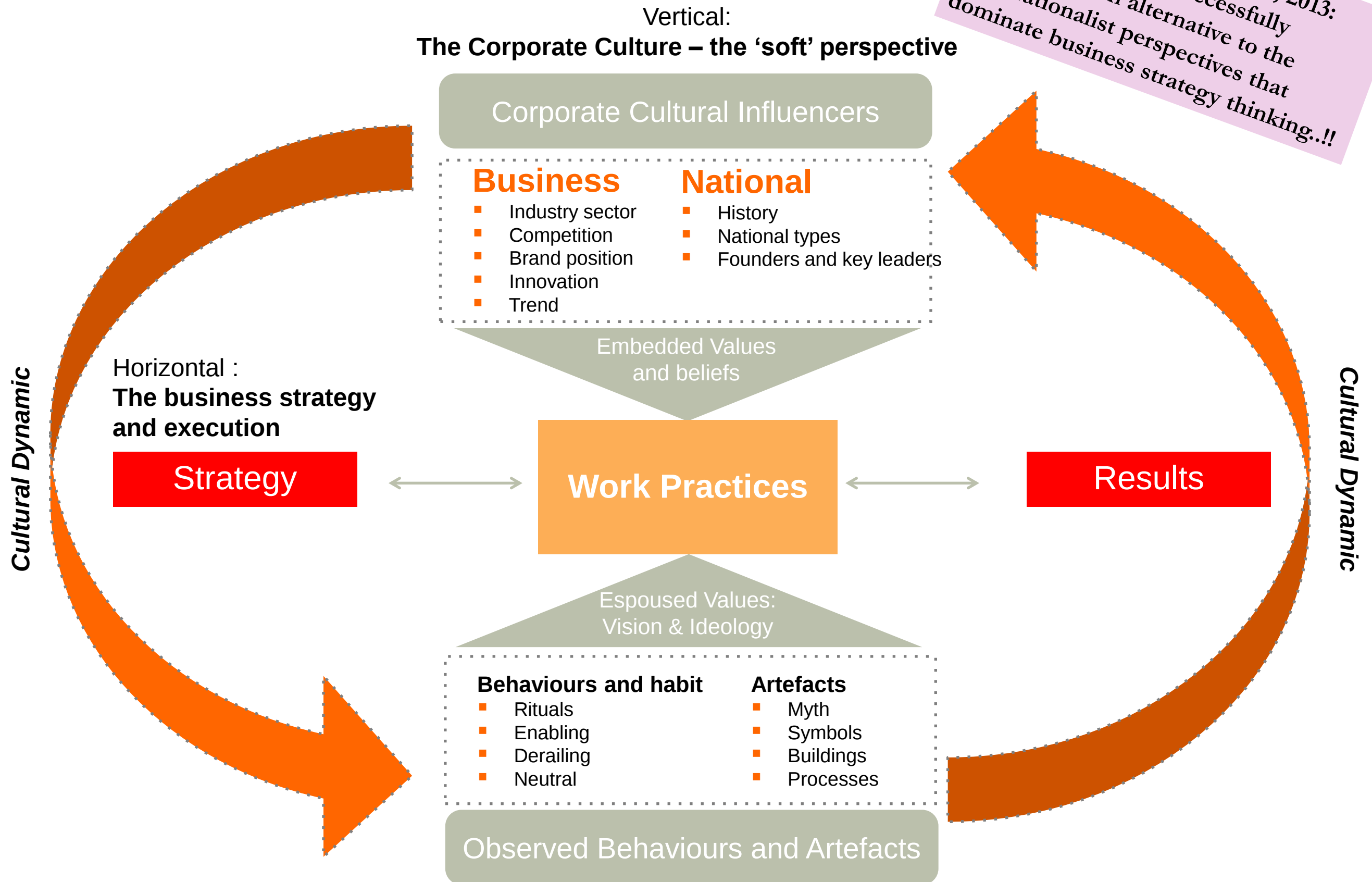
wealth, power assets
material progress
growth
products
profits
results
boldness
facts
logic
duties
quick decisions
speed
competition
individual career
personal honour
success
leading others
commanding

Feminine

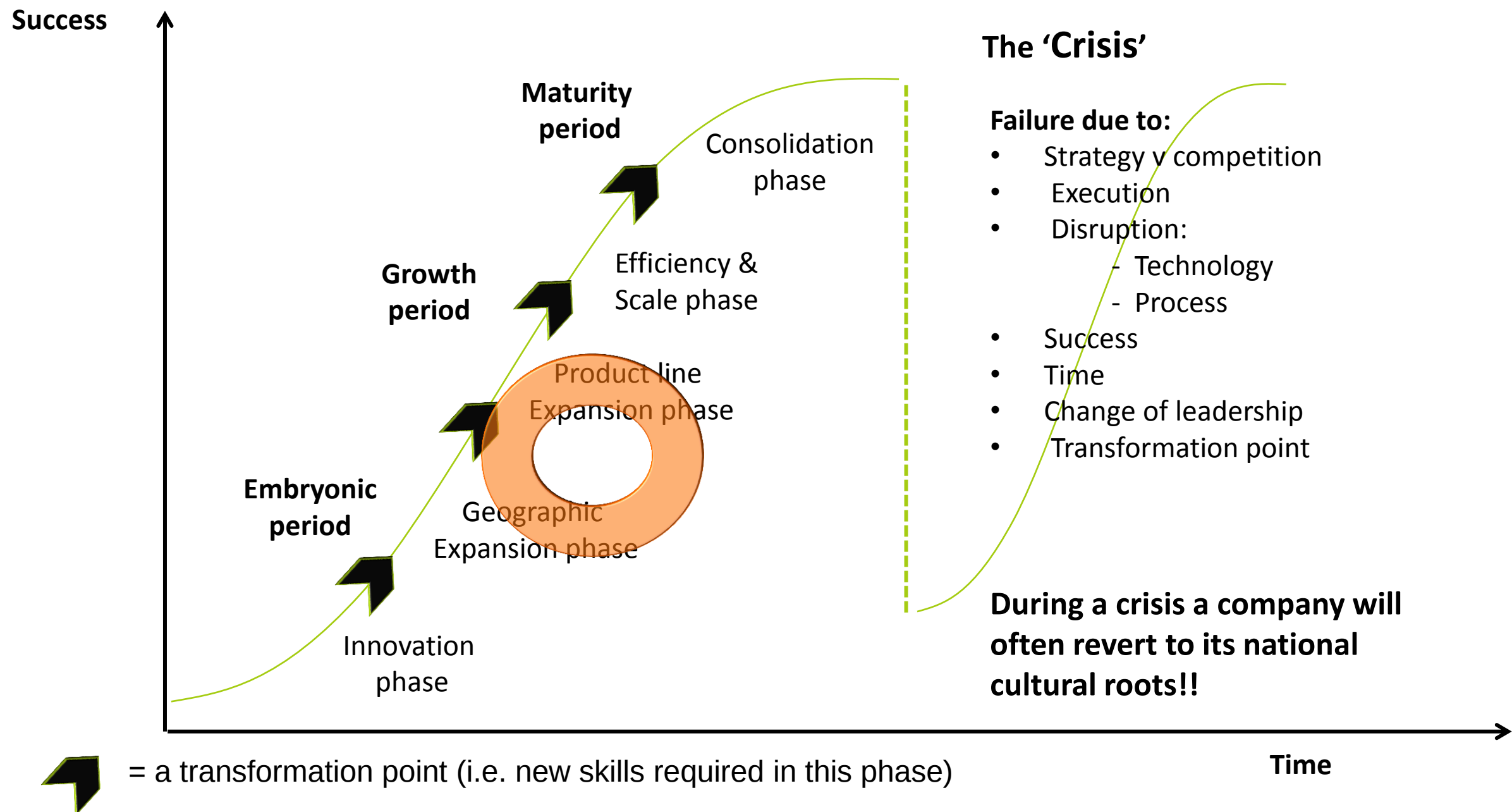
non-material benefits social
progress
development
relations
reputation
solutions
subtlety
feelings
intuition
rights
right decisions
timeliness
cooperation
collective comfort
sense of proportion
quality of life
nurturing others
rendering service

The Cultural Dynamic Model®

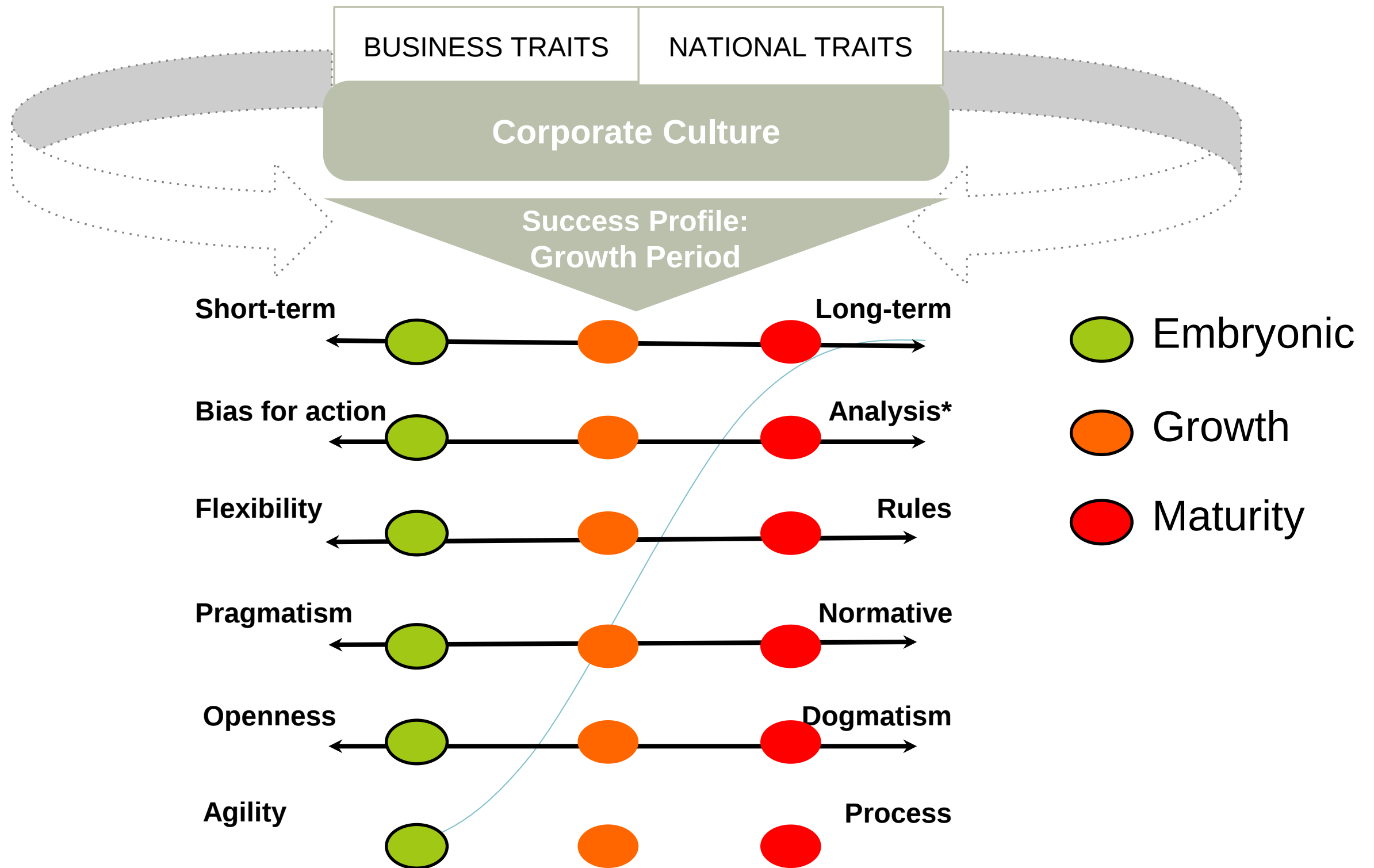
Bringing it all together.



The corporate life-cycles and the 'crisis'



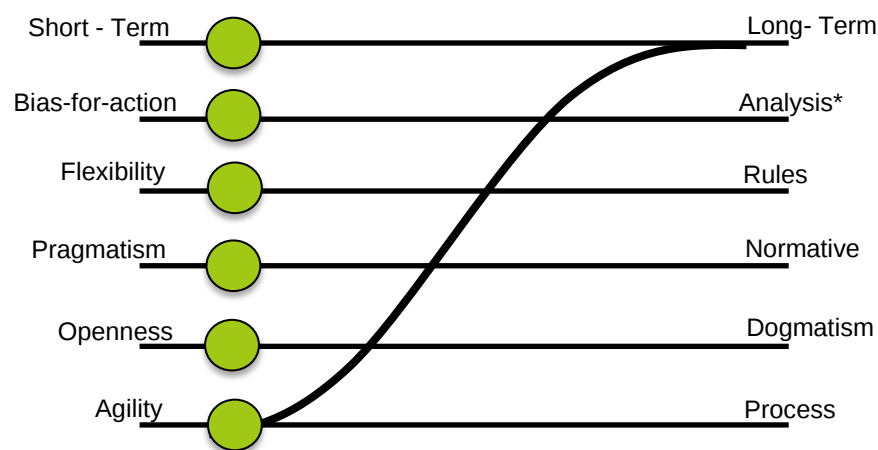
Corporate Culture: Success Profiles



* Culturally variable – i.e. may be different for linear active, Multi- active and reactive

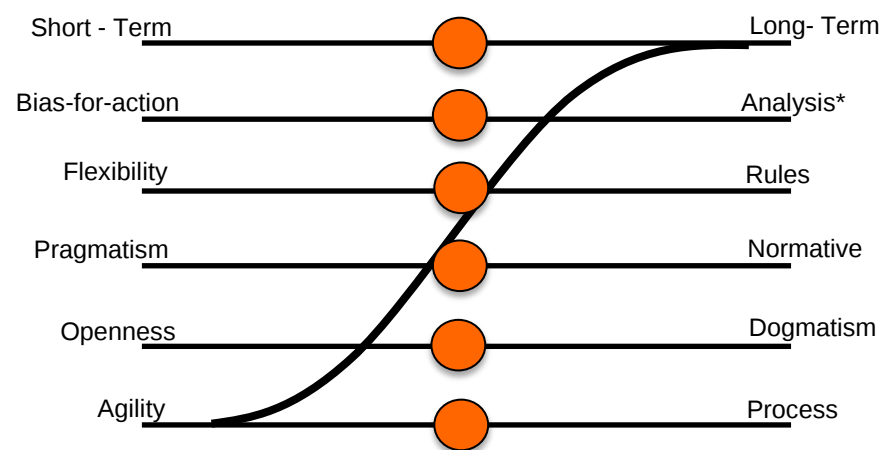
The cultural DNA of successful companies versus the cultural DNA profile of 3 countries. Where is Canada?

Success Profile: Embryonic period

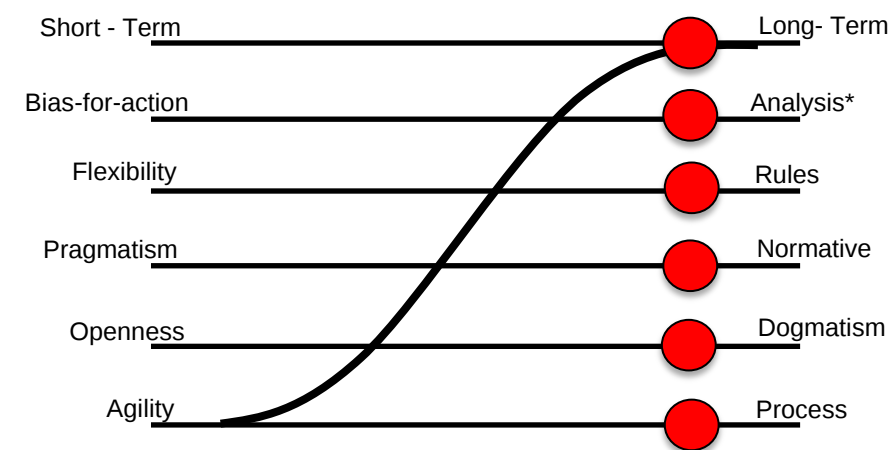


* Culturally viable i.e. may be different for: linear-active, Multi-active and reactive

Success Profile: Growth period



Success Profile: Maturity period



Denmark



USA



Japan



* Culturally viable i.e. may be different for: linear-active, Multi-active and reactive

Richard on Denmark

- https://www.youtube.com/embed/H5B_w2Fs318

Hofstede on Denmark

- **Power distance:** With a score of 18 points Denmark (FI 33) is at the very low end of this dimension compared to other countries. This matches perfectly with what many foreigners in Denmark express: Danes do not lead, they coach and employee autonomy is required. In fact, Denmark ranks highest amongst the EU27 countries in terms of employee autonomy. With a very egalitarian mindset the Danes believe in independency, equal rights, accessible superiors and that management facilitates and empowers. Power is decentralized and managers count on the experience of their team members. Respect among the Danes is something which you earn by proving your hands-on expertise. Workplaces have a very informal atmosphere with direct and involving communication and on a first name basis. Employees expect to be consulted.
- **Individualism:** Denmark, with a score of 74 (FI 63) is an Individualistic society. This means there is a high preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only. It is relatively easy to start doing business with the Danes. Small talk is kept at a minimum and you do not need to create relationships first. Danes are also known for using a very direct form of communication.
- **Masculine/Feminine:** Denmark scores 16 (FI 26) on this dimension and is therefore considered a feminine society. In feminine countries it is important to keep the life/work balance and you make sure that all are included. An effective manager is supportive to his/her people, and decision making is achieved through involvement. Managers strive for consensus and people value equality, solidarity and quality in their working lives. Conflicts are resolved by compromise and negotiation and Danes are known for their long discussions until consensus has been reached. Incentives such as free time and flexible work hours and place are favoured.
- **Uncertainty avoidance:** With a score of 23 (FI 59) Denmark scores low on this dimension. This means that that Danes do not need a lot of structure and predictability in their work life. Plans can change overnight, new things pop up and the Danes are fine with it. It is a natural part of their work life. Curiosity is natural and is encouraged from a very young age. This combination of a highly individualistic and curious nation is also the driving force for Denmark's reputation within innovation and design. What is different is attractive! This also emerges throughout the society in both its humour, heavy consumerism for new and innovative products and the fast highly creative industries it thrives in – advertising, marketing, financial engineering.
- **Short-Long term:** The Danes score 46 (FI, 45), making it a short term orientation culture, though very close to the middle. Societies with a short-term orientation generally have a strong concern with possessing and if A is true then B must be false. Focus in business life is very much on what is happening now instead of in ten years time. Priority is therefore given to abstract rationality and analytical thinking

Case Study: FLSmidth

FLSmidth is a Danish company whose history was characterized by a limited external incentive to change. However, globalization led the company to suddenly change from a local to an international cultural model

FLSmidth 1.0

Danish national culture (Lewis)

- Short-term pragmatism, flexibility & creativity
- Individualistic, Independence and non-confrontation (pragmatism v dogmatism)
- Low power distance & collectivism, team work, group & consensus orientation
- Meritocratic, power accepted if properly used
- Scepticism to outsiders (dogmatic belief in Danish model)
- Conservative, hard working, humility, honesty integrity
- Having a sound commercial judgement

The founders: Fredrik L. Smidth, Paul Larsen & Alexander Foss

- Self-made man
- Mix of technical and leadership expertise
- Doers, hard workers
- Focus on solving customers' problems
- **All with strong family ties to Jutland**

STRONG & UNIFORM DANISH CULTURE

The cement industry positive trends fuelled FLSmidth's embryonic period. In 1938 it was the leading global company with 33% market share of the cement plant equipment, and 95% of its sales were from international customers.

Case Study: FLSmidth

FLSmidth 2.0:

By 2000, still a quite Danish company, at all levels (>50% of employees) however, a new strategy was required. A new chairman and a new ceo embarked on a new back to basics strategy focusing on the original cash cow in cement, and exit the disastrous investments in airplane and environmental services. The founders left as dominant investors.

FLSmidth international expansion from cement into minerals business from 2007 onwards...

- Acquisition of Canadian GL&V (equipment)
- Expansion into India for favourable labour costs condition outsourcing engineering
- Expansion into China and Russia
- Acquisition of two German company (product business- downstream)



By 2011, only 12% of FLSmidth employees were Danish!



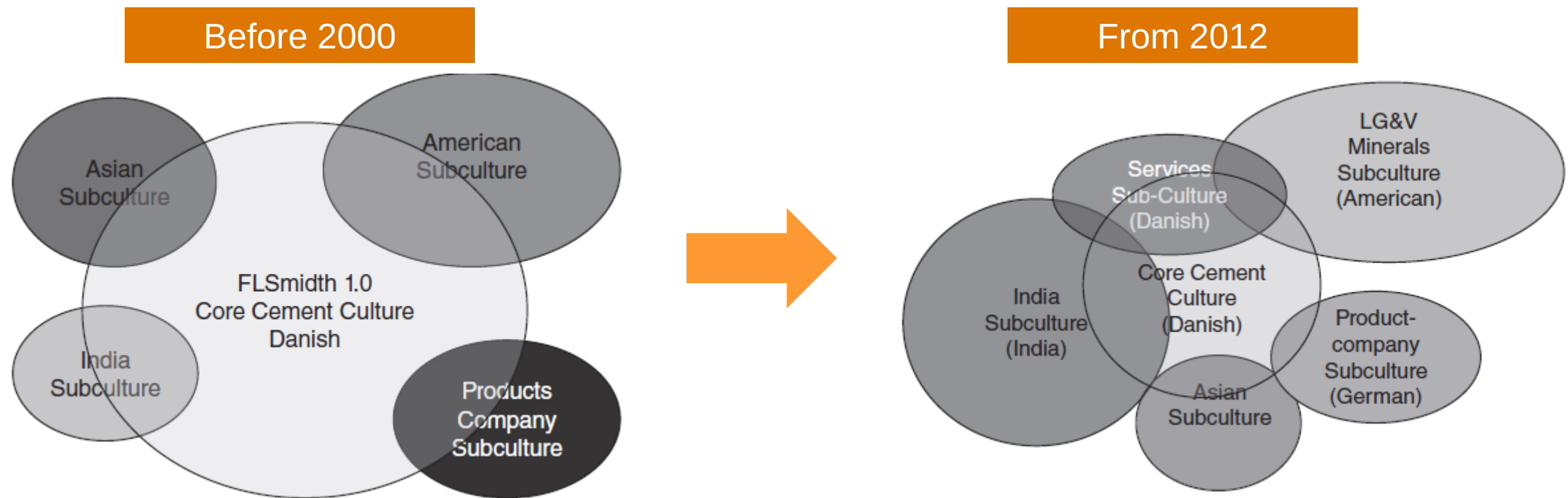
Case Study: from FLSmidth 1.0 to 2.0

(3 of 4)

Just as many small companies, FLSmidth faced a “small country” dilemma in choosing the suitable strategic cultural model to adopt.

Available options

- A national culture domination model
- A hybrid/local culture model
- A local culture domination model

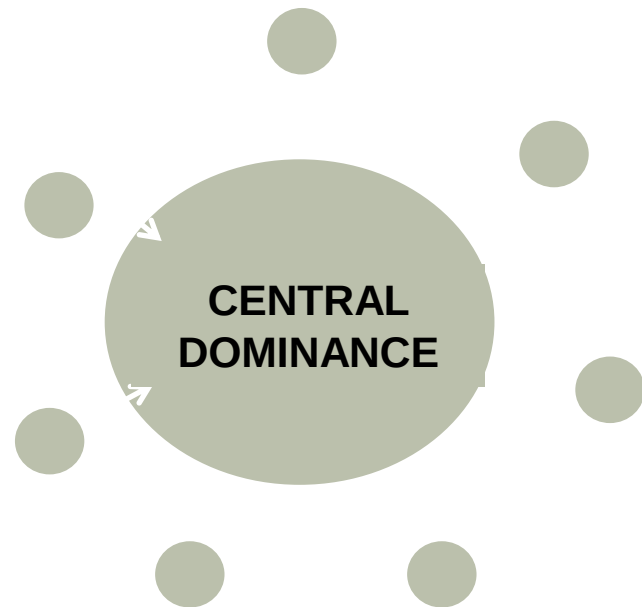


FLSmidth 1.0 – The culture map of FLSmidth, with a dominant Danish culture

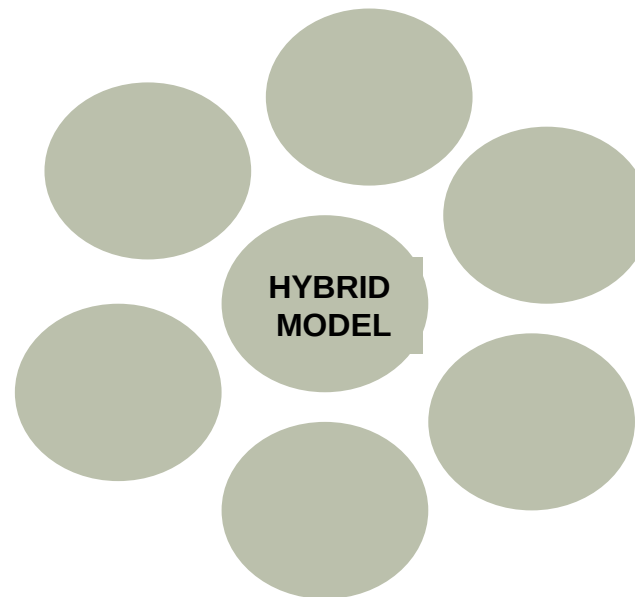
The new cultural map of FLSmidth: a smaller Danish core, more balance between the different national subsidiaries

A Key Strategic Decision: The globalization Model to Adopt

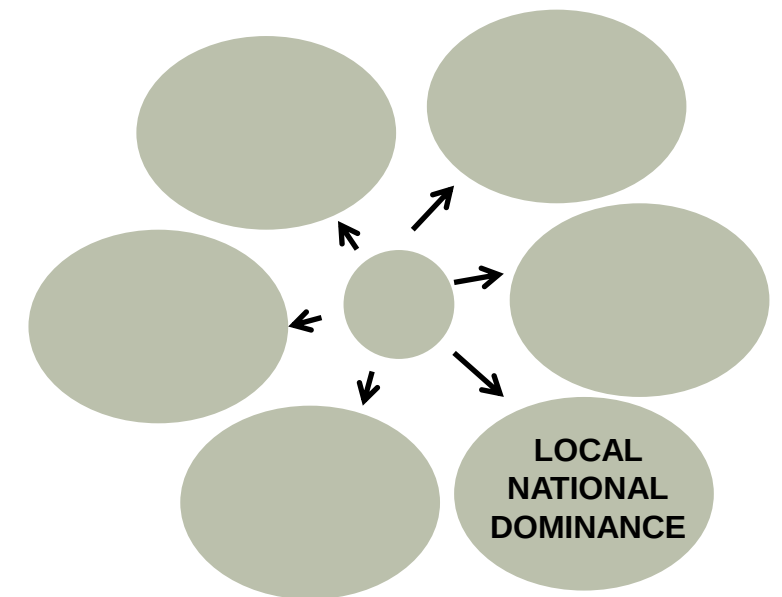
Dominant national cultural strategy



Hybrid strategy



Local portfolio strategy



- Companies from large countries tend to follow a dominant strategy as they:
 - Have better access to local nationals from their country with a good cultural fit
 - Often have a more assertive perspective on culture (compared to small countries)
- Companies from small countries often adopt a portfolio strategy
- Companies experiencing fast growth and a short-term culture, often neglect the decision and by default end up with a portfolio or hybrid strategy.

Men hvem er vi danskere egentligt og hvad er vores udfordringer I 2014

Og hvad betyder det for den mindre danske vækstvirkksomhed?

Lidt Dansk Historie...

- **Tidlige middelalder, Danmark er stormagt I Norden**
 - Et fladt frugtbart land omgivet af store magter
- **Den danske kerne-kultur defineres;**
 - små enheder, fleksibilitet, agilitet, uformalitet
 - Fiskeri, landbrug, handel – usikre erhverv
- **1660 Danmark mister Skåne, Halland og Blekinge til Sverige**
- **1801-1807 Danmark mister sin handelsflåde**
 - Afslutningen på den florissante periode
- **1814 Danmark vælger-tøver med at vælge side og mister Norge til Sverige (Sverige mister Finland til Rusland)**
- **1864 Danmark mister Schlesvig og Holstein**
- **På 200 år har Danmark mistet over 80% af sit areal og økonomiske magt**

Lidt Dansk Historie efter 1864...

- **1864 Danmark mister Schlesvig og Holstein**
- **En ny mere indadvendt overbygning på kernekulturen,**
 - 'Hvad udad tabes skal indad vindes' bliver tidens motto
 - Anti-elitære Grundtvig, Folkehøjskoler, Andelsbevægelsen
 - Socialdemokratiet, fagbevægelsen
 - Nationalt fællesskab mellem befolkningsgrupper styrkes; fællessang, højtider – men classeskel eksisterer
 - Fællesskab, hygge, bliver vigtige ord
- **1920 Sønderjylland vindes tilbage – nationalfølelsen styrkes**
- **1940-45 Krigen – nationalfølelsen styrkes igen.**
 - Efter en tøvende start. Unge danske modstands+helte!
- **1972 EU – skeptisisme og stigende modstand mod internationalisering. Nationalfølelsen skærpes (DF)**
- **2014 – Og hvad så nu lille du? Integration eller national identitet, eller**

Den danske national kultur..

- Short-term pragmatism, flexibility, agility & creativity
- Independence preferring dialogue over confrontation
- Individualism yet, also collectivist, team & consensus orientation
- Low power distance, meritocratic, power only accepted if used softly, and rarely used overtly!
- Danes operate well with ambiguity, but this can be unclear to others
- Scepticism to outsiders (dogmatic belief in the Danish model)
- Conservative, hard working, humility, honesty & integrity (with Danish pragmatism)
- Unique Danish words and values; “Hygge, fællesskab, rethaveriske, nær-miljø, dristighed, snuhed, at være en god købmand..)
- The Danes and the Swedes

Jantelovens 10 bud

- Du skal ikke tro, du *er* noget.
- Du skal ikke tro, at du er lige så meget som os.
- Du skal ikke tro, at du er klogere end os.
- Du skal ikke bilde dig ind, at du er bedre end os.
- Du skal ikke tro, at du ved mere end os.
- Du skal ikke tro, at du er mere end os.
- Du skal ikke tro, at *du* dur til noget.
- Du skal ikke le ad os.
- Du skal ikke tro, at nogen bryder sig om *dig*.
- Du skal ikke tro, at du kan lære os noget.

Hvad er tidens 4 store udfordringer til den danske national kultur.

- Globaliseringen er kommet for at blive. Den udfordrer vores erhvervsstruktur og ledelsesprincipper. At konkurrere i en global verden kræver skala - og vi er bedst i små enheder, med følsom magtanvendelse
- Eliterne (i erhvervslivet, statsadministrationen og det offentlige og politiske rum)) som oftest selv nyder godt af globaliseringen, har styrket deres magtposition– og det truer fællesskabet
- Når fællesskabet er truet bliver vi danskerne (dum)-stædige, og konservative i en tid, hvor vi burde være agile, smidige og forandringsberedte
- Vi elsker derfor at uglese vores succesfulde iværksættere, som udfordrer Jantelovens principper – i en tid hvor vi mere end nogensinde har behov for iværksættere til at skabe arbejdspladser i landet

Eller kort sagt - for nu at skære det ud i pap; **Svenskerne klarer sig bedre end os!** og vil gøre det i en rum tid fremover, hvis vi ikke gør noget! Som retningen er nu er det Sverige som bliver Europas mest agile og effektive industrination! (Børsen d. 4 Juli 2013 – 35 års svensk klø til dansk økonomi).

3 pieces of advice when expanding abroad

- Be proud to be Danish, by visibly embracing core Danish values
 - But understand how others will view and react to them
- The best way to inculcate the Danish culture and values is by living here - and through learning the language => Rotate key talent to Denmark.
- Consider;
 - It may be beneficial to learn to apply power more effectively when globalizing
 - That in many cultures, relationships comes before results and actions
 - Viewing an issue from the other participants perspective
 - To be clear when communicating - The responsibility for a clear message is on the sender (what you may see as crystal clear, can be far more opaque to the receiver – and vice versa)



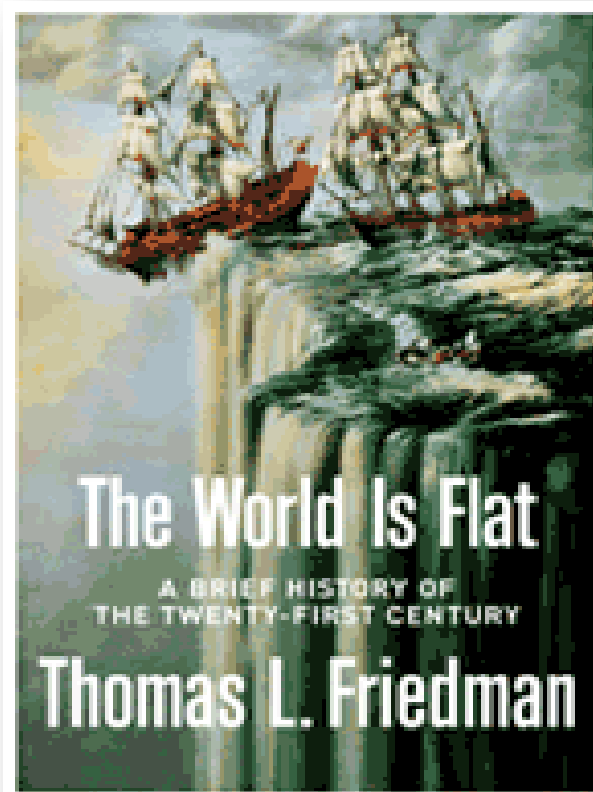
Thank You!

Visit: fishcantseewater.com



So what do you believe now?

Is the world flatter or rounder – or both?



“In a global market, historical and geographical divisions are becoming increasingly irrelevant.”

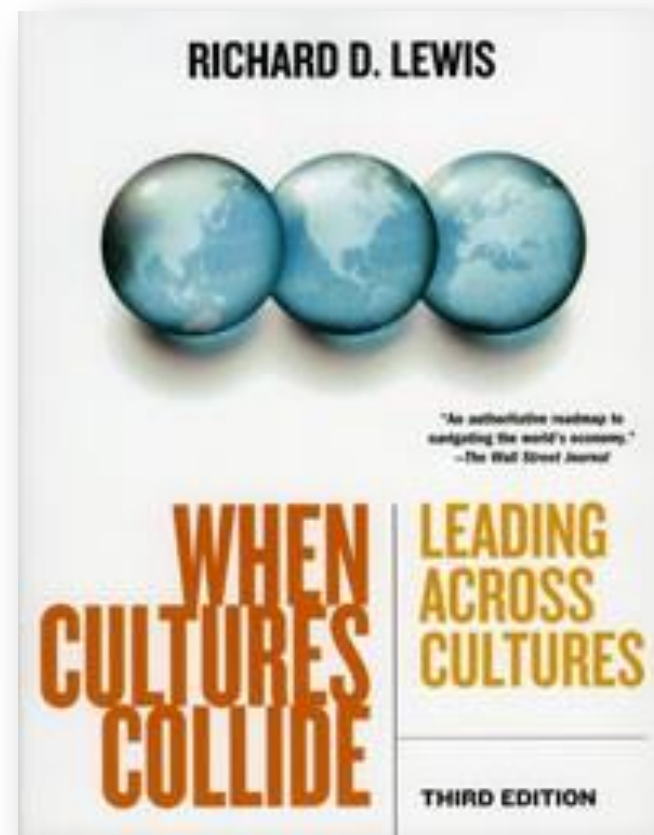
http://en.wikipedia.org/wiki/The_World_Is_Flat

THE WALL STREET JOURNAL.
WSJ.com

BUSINESS | August 14, 2009 or [Log In](#)

After Early Errors, Wal-Mart Thinks Locally to Act Globally

<http://online.wsj.com/article/SB125020662518330649.html>



*“Cultures are ancient, powerful and incredibly complex phenomena, **changing reluctantly, at glacier pace, possessed of great momentum and endurance.**”*

The book ‘When cultures collide’, Richard D. Lewis.
A study of the cultural characteristics of 85 nation-states on six continents