

## ■ TOYOTA/STRATEGIC SPEED PODCAST NO. 4

*Barry* Thanks for joining this podcast on Strategic Speed. I'm Steve Barry, Senior Manager of Strategic Marketing at The Forum Corporation. In our previous podcast, we began to explore some of the cross-cultural issues regarding speed. And in this podcast, Ed Boswell, CEO of The Forum Corporation, Dave Eaton, cofounder of Aperian Global, a cross-cultural training and consulting firm, and Jun Kurihara, senior fellow at Harvard Kennedy School, his expertise is in the international political economy and also the globalization strategies of multinational corporations, will go much deeper into the challenges multicultural teams can face, and how breakdowns in clarity and unity can easily happen if these challenges are not addressed. Jun Kurihara recently wrote up some fascinating research, and basically what he found is that in terms of number of patents globally, Japan is No. 1 by far. In terms of number of patents, what was it, Jun?

*Kurihara* With international collaboration.

*Barry* With international collaboration, Japan is way low, like No. 15. So there are disconnects when it comes to working outside of the boundaries of Japan. And I'm wondering if that also happened internally in the organization, or just among their supply chain. Did that have any impact on breakdowns in quality?

*Kurihara* It would be very difficult to generalize, but my observations are based on the R&D or production facilities. If you look to improve the quality, or enhance efficiency, the most important thing is the teamwork. Communication is very important. And the communication requires empathy and language. So that unless otherwise, understanding that the others' culture is very difficult.

But in this area, actually, I'm very optimistic. The reason is that when I went to the Northern part of China, where Toyota is right now starting to produce the Prius, I came to know that the engineers working there were working in the United States to establish a first Toyota factory. So that they are good at handling the difference in culture. So, basically, I'm very optimistic to think they will develop such kind of things. At the same time, the Japanese engineers will eventually go back to Japan. They will bring the excellent part of China, as well as the excellent part of the United States. So as I think of it, I'm very optimistic about it.

*Barry* Just to build on what Jun is saying around the empathy, the language, the communication, all the various factors that go into that, do you have any advice for leaders who are looking to expand their operations globally, how to improve clarity and unity across cultures?

*Eaton* That's a good question, and one of the concepts that global leaders and global teams constantly face, is a term that one of our founding sociologists created long, long ago—Edward Hall—about high-context, low-context cultures. Context equals meaning in this case. So high-context cultures are cultures in which not a lot of words are exchanged, but both sides understand each other instantly. When you put together global teams, you immediately have a very high chance of not communicating successfully, the vision you have for this team or this project because you don't have common backgrounds and experiences shared that can then fuel a sort of shared understanding, which—shared empathy, benefit of the doubt, “Oh, I know what he means,” “Oh, whenever he does that it means this,” “Whenever she responds that way,” “Oh, I've seen that before”—they don't have any of that history together.

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*Eaton (cont.)* So by nature, teams assembled globally off of a common vision that have to be very well communicated in ways that are culturally appropriate and effective, have to reduce the team to a low context or highly verbal, with lots of paper and lots of sort of two or three chances to get the message through oral, auditory, visual, such that they reduce the team's communication style to a very low-context communication style until they can build context or become a high-context team later, if that makes sense.

When we're building global teams in any situation, how we communicate is usually through virtual means. I remember years ago, 80 percent of teams were face-to-face teams that you could assemble in a meeting room, and today, over 80 percent of the teams purported to be virtual teams. Even if we're face to face, nonverbal communications is 90 percent of the messaging. If we take away the face to face for 80 percent of our teams, we have a 90 percent chance to miss the message. The only nonverbal still working is tone of voice. If I take away the audio and I move to a WebEx, groupware, shareware, or e-mail relationship, I've now taken away the audio.

So we have about a 95, 96 percent chance to misunderstand each other. If I then deal with somebody from another culture who was raised in a more high-context way, therefore less words, more nonverbals, more assumptions—"Oh, of course he knew what I meant—this scene suggests that." But I come from a low-context background, like the United States or Germany or the Netherlands where context is only found through words, then if you didn't say it, I didn't hear it. But for the Japanese person, of course, it's implied. It's understood.

So what I'm excited by is watching this Toyota story unfold sort of in the post-facto stage because I think people will point back to it from many different management angles. And one would be whether or not the headquarters was assuming too much and whether the field was missing the context because it wasn't said.

*Boswell* You know as I reflect on the conversation that we're having here today, I'm reminded of one of the conclusions that we reached in our research on Strategic Speed—particularly around the importance of creating clarity and unity amongst leaders. This is particularly important when you're launching any kind of significant strategic initiative or change in direction for a company. You need to create this conviction—a real strong conviction or buy-in among the senior team to make sure that expectations and assumptions are completely clear and agreed upon.

Once you have that kind of senior leader clarity and unity, then you can launch the various teams that have to pursue this or that strategic initiative. And you can do it in a way that you don't have to worry as much about whether they're working at cross-purposes with one another. In fact, what you tend to do then is encourage collaboration across the organization. But this isn't easy to do. So as we asked organizations in our research, how do they actually create that level of understanding and clarity and conviction to the cause and that sort of thing, there were a couple of things that stand out—a couple of examples that came up again and again.

One was the importance of bringing people together. And in fact, bringing people together face to face where possible, in this increasingly global world. The other theme that we heard again and again was simplifying the message. Simplifying the goals. Basically, can you get it on one sheet of paper; even better, can you get it on the back of a napkin?

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*Boswell* (cont.) I know that's a little hyperbole, but the notion was to have something so clear, so succinct, so memorable, and to use it again and again in meetings, discussions, launch meetings, whatever. So, it's that whole notion of simplification. Bringing things down to the critical few points, and to your point earlier, Dave, to bring things down to this low context, and using it almost like a compass. Whenever people are coming together, reminding yourselves, "This is the direction, this is the simple message, this is how it all fits together." So, Dave, how would you see this playing out in global teams?

*Eaton* One of the challenges is that they don't stop to build the relationship. Most budgets don't allow for face-to-face retreats to norm the relationship as they start and launch a new team. So they're trying to catch up on the trust building, context building, and relationship building, and sharing what I call "human operating systems." Like communication styles, meeting management, decision making, views of hierarchy and status, time orientation, risk propensity. They're not doing anything to norm that team. And I'm fond of saying in the absence of a common culture to work in, people will revert to the culture, or in this case, styles, that they know.

*Boswell* Right.

*Eaton* And therefore, they don't have commonality if you assemble a five-country team of 15 individuals. So silence might be, "I'm showing respect to the speaker," whereas we would say, "Did you get my point? Are you listening? Are you doing e-mail?" All these pejorative interpretations of silence when their intention is quite respectful.

*Barry* So fascinating. Thanks so much, Dave, Jun, and Ed for this discussion. Just to summarize, this is the final podcast in our series of four on Strategic Speed. Today we heard that in order to improve quality and efficiency that teamwork was really important. And that required an empathy, language, and basic understanding of culture.

Jun is optimistic that Toyota will improve, given his observations at plants in Northern China. They're rotating workers from U.S. to China to Japan, and building that cultural knowledge and sharing that knowledge of excellence.

We also heard from Dave this notion of high context/low context, where context is meaning. And in some cultures, not a lot of words are needed to understand each other. What that means in global, distributed teams is that there is a lot of room for error in making assumptions when communicating a message. Back to the Toyota case, Dave wonders if the Toyota headquarters may have assumed too much and the field may have missed the context because it wasn't said.

Ed shared our Strategic Speed research that showed that when companies brought people together to build that meaning and trust up front, and simplified the direction as much as possible, they ended up getting to results faster.

Dave's final point here was that oftentimes teams just don't have the budget to do that, or don't take the time to do that, to bring people together. They don't build that clarity and unity, that shared context. And ultimately, that slows teams down, and they have to do rework. So thanks again for joining this podcast on Strategic Speed, and stay tuned for more from The Forum Corporation on this topic.