

# Introduction to Operating Globally

What are the key elements that global managers need to consider? Chapter 1 outlines these issues.

- » It includes a list of major factors that go into managing a global operation; and
- » Makes the distinction between the business side – finances, government regulations, and import/export compliance – and management concerns such as culture and communication.

"We can't unilaterally sit in our San Jose, Calif. office and say this is what you want to do. We have to bring in all logistics players from all sites and identify priorities as an organization, get grassroots ideas and see where there's commonality across geographies and how we can get resources from our core to them."<sup>1</sup>

*Jim Molzon, vice president global logistics, Soletron*

There's no doubt that the world is going global. Even if your company doesn't sell products or services more than 100 miles away from your headquarters you will be affected by the global economy. It may be you import components from Asia or raw materials from Latin America. Or as parts manufacturer selling to a multinational, you are forced to meet foreign product testing requirements or build to foreign standards. And anyone who develops a Website soon learns that the world may come calling even if you cater principally to clients and customers within your national boundaries.

Since at least the early 1990s, with the development of regional economic blocs such as the European Union and NAFTA, and organizations to cater to international trade concerns such as the World Trade Organization (WTO), more companies have ventured into foreign markets than ever before. From 1990 to 1993, for example, US government agencies reported a 50% increase in the number of American companies with \$100 million in annual revenues exporting products.<sup>2</sup>

Operating globally presents a unique set of issues that you won't face if you restrict trade to regional markets. You need to know how to market, transport, and distribute goods in foreign countries. Import and export compliance is crucial to entering foreign ports. You may have to meet regional packaging and environmental requirements, be certified to various standards and testing practices, and meet foreign regulations of all sorts relating to everything from liability to data security. There's a whole financial world to master, involving insurance and bonds and currency exchanges.

On the management side, distance presents its own challenges. Building global teams and alliances and then keeping in close contact with them is a major feat when you consider the distance and time zone variations. You must be aware of foreign cultures and their affect on business practices, as well as cope with foreign languages. And

though technology can help keep communication flowing, it presents its own needs and requirements, as software and equipment may not be compatible throughout the world.

To stay competitive, you have to be able to select the right alliance partners and managers, build and manage teams remotely, promote change while honoring a wide variety of cultures, and build human communication despite language and cultural barriers. Here is a list of key areas you must focus on to operate globally:

- global logistics payables/import/export and trade elements;
- global transportation programs;
- technology/communication/information flow;
- management/building global teams; and
- cultural issues.

*Operating Globally* will explore these issues and offer you pathways to the many opportunities inherent in working internationally. Interviews have been conducted with many international trade professionals, as well as managers of companies of all sizes, to offer insight into running a successful global operation.

For all the challenges you will face managing a global operation, there are also profits awaiting you in foreign markets and many unforeseen opportunities. But you won't realize success in the global marketplace unless you learn to build relationships and adjust to the cultural norms of the countries and regions where you do business.

"We land in their turf in Central America and talk about things in North America and they'll say, 'chill.' They try to work the relationship issue first. A relationship is everything: as good as someone's word. We have a tight network of service providers in that area and it works. Any time we've messed with the balance of power and relationships in that region we don't have much success."<sup>3</sup>

Another global executive finds he can't "buy in" to company goals in overseas operations unless it's a collaborative process. But when he does conduct face-to-face sessions with overseas managers, he's always surprised at "how much commonality there is. Whether we're

focusing on import/export compliance, customer hubbing, capabilities to provide customer order fulfillment, enhancing warehousing processing and simplifying paper flow, it doesn't make a difference if you're talking to someone from China, Romania, Charlotte, NC or Brazil."<sup>4</sup>

## NOTES

---

- 1 "Managing Global Logistics Operations," A. Zuckerman and R. McLymont, *Transportation and Distribution, Global Logistics*, June 2001, 4-9.
- 2 *Exporting and Importing: Negotiating Global Markets*, A. Zuckerman and D. Biederman. 1998. Amacom Books (now published through A-Z International Associates, Amherst, MA), p. 2.
- 3 "Managing Global Logistics Operations." Source is Tom Gibson, director of logistics for Nortel Networks global logistics organization.
- 4 *Ibid.* Source is Jim Molzon.