On Globalization

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ABSTRACT: This paper describes the personal experiences of the chief executive officer of a small U.S. company working in the global marketplace. It uses these experiences to provide some guidance to those unfamiliar with working outside the United States. This paper contains highlights from a presentation made to the Globalization Roundtable on May 19, 2005, in Boston, Massachusetts. The roundtable was organized and sponsored by Donovan Hatem LLP of Boston.

When first approached to make a presentation at the Globalization Roundtable, my response was, “What do I have to say of any significance on globalization?” That’s the territory of the big guys—the Bechtels, the Fluors, the Bergers. Geocomp is a small firm about which most of you know little, if anything. What do we have to say about doing business in China or Malaysia or Japan—places that are twelve thousand miles away?

After some reflection, I realized that globalization does and will impact small firms as much as big firms. Maybe I do have something to say about our experience as a small firm in the global market place that would interest you. After all, I have spent about half of my professional life on international work involving both services and products in Holland, Venezuela, Portugal, the Middle East, and Japan providing consulting services as a geotechnical engineer and in Korea, China, Japan, the Middle East, and Brazil providing products for automated materials testing of construction materials and providing Internet-based monitoring of construction work. I have worked with a lot of people here in the United States who came from other countries. In the ten years I worked at MIT half of my work staff originated from outside the United States. Some of Geocomp’s clients are highly populated with staff born outside the U.S. Inside our own company, 25 percent of our work force was born outside the United States.

Today our company has software development going on in Bulgaria and China. We use service providers who operate their centers in India. We use electronics in our products that come from all over the world—liquid crystal displays (LCDs) from Taiwan, central processing units (CPUs) from Malaysia, and resistors from Mexico. We are currently investigating the possibilities for having metal working and machining done in China.

Our engineers routinely exchange electronic work files with our overseas team members. For example, we are working with a firm in Egypt to design, install, and operate a system to monitor the performance of what will be the world’s tallest concrete building under construction in the Holy City of Medina, Saudi Arabia. The monitoring information will be provided automatically in near real time via the Internet to project participants in Saudi Arabia, Egypt, Great Britain, and the United States.

WORKING GLOBALLY

From our experience, at the fundamental business level, working globally is no different than working locally. It’s all about getting close to the client, developing their trust in you, providing them with perceived value, and getting paid. For international clients, it’s a lot harder to get close and stay close. It’s more difficult to develop trust. Their value proposition is more difficult for us to determine and understand. It’s expensive to travel twelve thousand miles and wait for a check on an overdue account. There are a number of factors that contribute to these difficulties. Each is described in the following paragraphs.

Cultural Differences

Cultural differences are very important and are often underestimated by the typical American. We all read the subtleties in human behavior and make assessments that affect our future interactions. Just think of the discussions you have among your team members after an interview for a new contract, “Did you see Mr. Big raise his left eyebrow when you uncovered the yellow version of the concept drawing?” “Yeah, but during the break did you hear Ms. Moneybags say that she hated yellow?” There are many subtleties of other cultures that we misinterpret or miss altogether. This puts us at a serious disadvantage when working overseas. At Geocomp, we have learned that we must have as part of our team an employee who understands the local culture and is...