Chapter 9
Globalization Requires MPE

Globalization is a megatrend that influences the business environment tremendously. Although the world was once dominated by the economies of Europe, North America, and Japan, there are now new players emerging: China, India, Russia, and Brazil, among others. There is no doubt that globalization is changing the world in which we do business. Most successful enterprises work with customers, suppliers, and other market partners in multiple countries around the world. They often have subsidiaries with operations in various countries on different continents. As Friedman says, "the world has become flat" [1]. For example, a midsized manufacturer of highly sophisticated machinery tools focused on the Canadian and US markets. Step by step, the company began to follow its customers and prospects (various manufacturing companies) to Europe, opened a plant in Germany, then onto Brazil and China. Thus, the company became a player in the global market. The financial markets are linked through high-speed networks so transactions can be executed all over the world, essentially in real time.

There are many factors that bring the world closer together, such as [1]:

- The fall of the Berlin Wall and the resulting opening of Eastern Europe.
- The rise of the World Wide Web.
- New Web-based workflow software, based on standards, connecting the world.
- Powerful communities, like Open Source initiatives, to develop software.
- Outsourcing, or the execution of processes or subprocesses of an enterprise by service providers (e.g., located in India).
- Offshoring, or the transition of entire enterprise units (e.g., a production unit) into another country, such as China.
- Supply chain processes as a source of competitive advantage.
- Insourcing (e.g., UPS moved from a "package delivery company" to a global logistics service provider, conveniently offering all necessary logistics services through its own resources).
- Informing, referring to search engines like Google, which provide any sort of required information in seconds.

- Digitalization, mobility, personalization, and virtualization.

All of these factors encourage, or even force, enterprises to work across the boundaries of continents and countries as they strive for high performance. Consequently, they must develop business processes in a global business environment. On a strategic level, Bartlett and Ghoshal distinguish four types of companies working across country borders [2]:

- Multinational companies
- International companies
- Global companies
- Transnational companies

In multinational companies, the subsidiaries are more or less independent units that are only required by headquarters to have a certain financial performance. Subsidiaries are typically run as self-sufficient enterprises. In international companies, the transfer of knowledge from headquarters to the subsidiaries is more important; the controls are better developed. Global organizations are even more centralized; the subsidiaries are tightly controlled. In a centralized organizational structure, the world is seen as a single economic entity. Transnational companies consist of networks of interdependent specialized units in various countries. Subsidiaries have different roles. Knowledge is developed jointly and shared internationally.

Although the transnational enterprise seems to be the most efficient and effective, the other forms of internationalization are also valid in specific phases of the life cycle of an organization, depending on company-specific strategies [3]. A startup company that wants to quickly enter international markets may choose to do so as a multinational or international organization and then gradually become a global and then a transnational enterprise. At IDS Scheer, I was part of a team transforming a national company into a multinational enterprise with subsidiaries around the world and eventually into a global company. Accenture, where I have been working since 2008, is clearly a transnational company, with knowledge centers around the world.

All of those enterprise structures require the appropriate business processes to be implemented successfully across locations in the different countries. The management of process excellence (MPE) approach described previously can be used to manage those processes. But what are specific influence factors of the global business environment? Do they result in any particular MPE tasks or a special infrastructure? These questions are discussed in this chapter, which focuses on the design and implementation phase of MPE, as visualized in Fig. 9.1.

Although every phase of process management is naturally impacted by the international environment, key measures for overcoming resulting challenges through globalization are taken during design and implementation. The resulting business processes can be executed and controlled using the presented MPE approach in all local company subsidiaries.
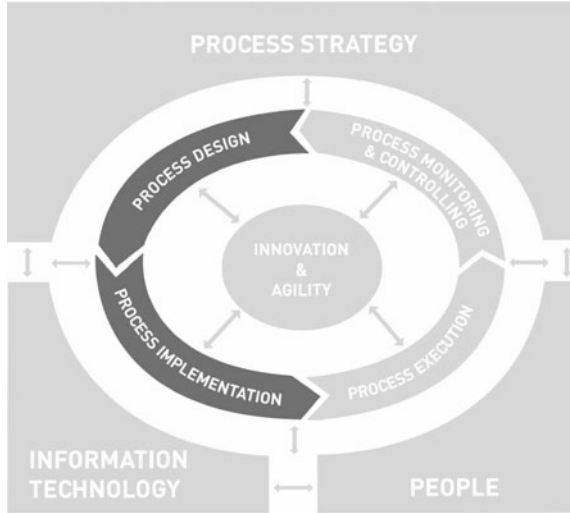
Fig. 9.1 Focus on design and implementation phase of MPE

9.1 Some Personal Impressions

During my time at IDS Scheer, I was able to gain quite a bit of international management experience. IDS Scheer is a German software and consulting company with subsidiaries in more than 20 countries around the world. While working for more than 6 years in Europe, mostly in Germany but also in France and other countries, I managed consulting units. After that, I lived in the United States for more than 10 years, holding several different management responsibilities, mostly general management as head of the region. In between, I worked for a year in Japan and assumed responsibility for overall business in the country for 5 years. Now, working for Accenture, I am continuing an international focus and can even gather additional experiences, e.g. while working with my colleagues in India.

I found the differences between working in the United States and Japan extremely interesting and learned a lot "on the job." I would like to discuss some of those experiences because I believe they can help others learn what it means to manage business processes in an international environment. Because I was born and raised in Germany, I share my observations from a German perspective.

Most US offices in typical companies are composed of cubicles, as shown in Fig. 9.2. The cubicles offer employees a certain degree of privacy – everyone has her or his own little kingdom. In most cases, executives have offices, of which location and size show the importance of the position, as indicated on top of Fig. 9.2.

A Japanese office looks very different, as you can see in Fig. 9.3. People sit in rows, one person next to another. People are courteous, so not to disturb one another. Employees feel like they are part of a "family." Even executives are typically integrated in that environment. Their desks are in the same room, just positioned separately to oversee their employees.

Fig. 9.2 Office in the United States

Fig. 9.3 Office in Japan

This first impression I share indicates some major differences regarding the behavior of employees in the work environment, which we will briefly discuss. In the United States, everyone behaves as an entrepreneur, primarily focusing on their own interests and goals. Employees are moved into the company direction through appropriately structured compensation and formal measures, such as job descriptions, policies, and procedures. Company policies play an important role, ensuring employee rights, but also protecting the employer company on a legal level. People in the United States are often accustomed or at least open to multicultural work environments. Companies can assemble teams with members from multiple countries and enable them to move the company forward, using the strengths of each individual. However, in most states, employment is "at will." In other words, people can leave on any given day – a situation that is legally impossible in many European countries (e.g., in Germany where employees have to give notice well in advance). Therefore, employers must manage people accordingly, on the one hand motivating them to encourage them to stay with the company, and on the other hand, always preparing for a situation where a key employee leaves. People in a US work environment seem to be very open and direct; however, you often have to read between the lines to understand what they really mean. If someone calls a presentation "great," it does not necessarily mean that he really liked a presentation. A follow-up invitation says much more. People are generally self-confident and convinced of the superior quality of their capabilities. A "we are the best" mentality is common. Therefore, it is often not easy for a foreigner to criticize someone in a way that would not upset him. One must criticize positively, so people learn quickly and support necessary actions.

In a Japanese work environment, the situation is quite different. People smile often and are friendlier than those in a US environment. This goes so far that it is generally considered impolite to answer a question with "no." But "yes" does not always mean "yes." I remember when I asked a Japanese colleague if he had sent out a specific letter and he answered "yes – but not yet." At the time I was very surprised, but now I understand that he just wanted to be polite. Conflicts that would require a "no" are often carried out "undercover," (e.g., through e-mails). In Japan, people typically pay close attention to detail. You may receive a schedule with an elaborate color code – but this also takes time. Do not expect a high-speed environment. However, people finish what they start, so you can expect results. People in Japan are accustomed to very long working hours. Some of my colleagues started the day between 9 and 10 a.m., but they rarely went home before 11 p.m. or midnight. And their commute involved a 1–2 h train ride. In general, I found it difficult to encourage creativity and the development of new ideas. In most cases, some external input is required. Once you have hired an employee in Japan, you can depend on loyalty. People do not leave their jobs easily.

Although globalization brings the behaviors of employees closer together, it is still important to know about country-specific behaviors when designing and implementing business processes. This is especially the case for manually executed processes and subprocesses or necessary teamwork activities.

Country-specific differences are not only observed within the office, but also in customer-facing behavior and the habits around business transactions. In the United

States, there is generally a very high customer focus. The customer is just as important as the product. The quality and performance of a product are demonstrated through the customers using that product. This is a big difference from many German enterprises, where people love their products and think in terms of functions and features. In the United States, the characteristic of "invented here" is very important. The aforementioned self-confidence and pride often makes it difficult for foreign companies with foreign products to enter the market. In general, the created perception of a company and its offerings is very important. Perception is often considered reality; therefore, marketing is extremely important in the promotion of products. For the IT market, industry analysts, including The Gartner Group, Forrester, AMR or IDC, play an important role. In many cases, customers rely on analyst research to support their buying decisions. Change and speed are very common in the United States. Executives switch companies, sometimes even on a quarterly basis, projects start and stop quickly, contact persons change. Change is the only stable part of business, which often leads to short-term viewpoints. In many cases, it is difficult to sell solutions with long-term impacts. "Why should I care what happens next quarter or even next year?" is a common attitude.

The attitude is very different in Japan and continuity is important to many people. Although globalization has already changed many things, people still try to reduce the speed of change and keep a well-controlled pace. They are very careful. You will often have the same contact person at a client over many years. Executives stick with their companies and you can count on their commitments. The characteristic of "invented here" is not nearly as important as it is in the United States. On the contrary, American and European products are well accepted. Trust is the key in business life. It counts more than contracts, which can cause conflicts with Western accounting requirements for formal paperwork. Business decisions are often heavily influenced by personal relations and less by general perception. Business meals are very important in Japan. True negotiations often occur during dinner, in a very casual atmosphere. The formal negotiations are simply a means to revisit the arguments and conclusions discussed previously.

These customer- and market-related behaviors are again important for the design and implementation of business processes. It is essential to be aware of those particularities when a company standard business process is defined and rolled out in a specific country.

The following are some general lessons I learned while working and living in Germany, France, the United States, and Japan. They can be applied in the management of processes in an international environment or work in different countries:

- Listen, listen, and listen: Do not think you already know everything. Hear what the local employees have to say.
- Even in a very unfamiliar environment, always look on the bright side of things: This keeps you in a good mood with a positive attitude.
- Accept differences wherever possible: Different countries have different habits – in most cases, it is best to accept that as fact.
- Communicate clearly what you do not accept: When you intentionally do not want to support certain habits, it is important for the people around you to know that.

- Show that you are interested in being integrated: Generally, local people are proud to make you part of their community, but you have to show that you are willing to accept and support that integration.
- Clarify and explain the value you bring to the table: People have to know why you are in another country and what the benefits are to them personally.
- Share your interests and introduce yourself as a "private person," not just a "business person": People work with and accept people, not just positions or roles.

These were some of my personal impressions about global business and what it means for managers and the processes for which they are responsible. So, what are the key influence factors of globalization on business processes and how do they impact processes? How does globalization change processes?

9.2   Globalization Changes Processes

Globalization leads to processes carried out in several countries or influences business processes in one or more countries. Therefore, country-specific factors influence those processes. Examples of such influence factors include the following:

- Legal system
- Geography
- Culture
- Education
- Language

The legal system provides country-specific regulations that that must be reflected in processes. For example, tax regulations influence finance processes, but can also lead to modifications in the supply chain. Human resources (HR) administrative processes (e.g., in the payroll area) are another example of processes often influenced by legal regulations. The geography of a country can also influence processes, such as the transportation planning and management of goods in transit. Specific cultural aspects also influence processes. The focus on details in Japan may necessitate a modified process design in comparison with the design in Western countries, where too much detail may be perceived as having a negative impact on the personal work environment. A country's average level of education can influence process design and implementation. Highly automated processes in countries with little expertise may not make sense. Even the languages spoken in different countries can influence processes: you may not be able to use certain software systems for the process execution because they do not support specific languages (e.g., Asian languages). Specific local vendor expertise can determine other influence factors (e.g., for local application systems). These influence factors are shown in Fig. 9.4.
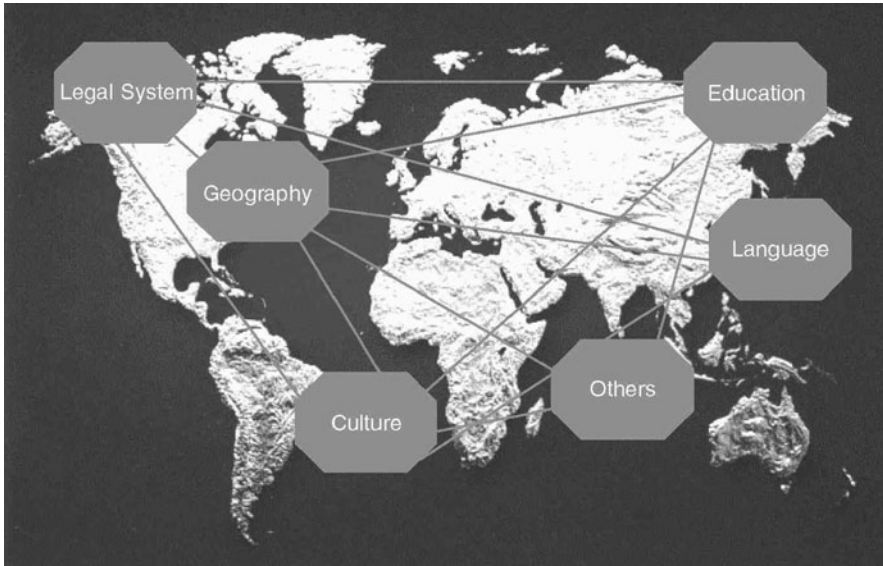
Fig. 9.4 Country-specific influence factors on processes

Such influence factors impact business processes and typically lead to country-specific variants of processes that can be carried out in subsidiaries or in a central headquarters location.

Such factors also influence the business process management (BPM) approach in and of itself, the "process of process management." MPE must address the impacts of the global business environment, and in turn manage the influence of the presented factors. This situation is visualized in Fig. 9.5.

The factors can either influence the business processes directly or indirectly through product variants. Country-specific requirements may lead to modified products that necessitate additional engineering activities, leading to new production and logistics requirements. This results in new or modified processes in various areas of an organization. The direct and indirect influences of country-specific factors are demonstrated in Fig. 9.6.

We have previously discussed one example of country-specific processes. In a Japanese environment, the focus on quality can lead to planned redundancies of quality control activities. This may not be acceptable in Western organizations focused on cost and time efficiency. As mentioned, country-specific tax regulations can impact logistics processes. For example, in the United States, you can select storage locations for specific goods on the basis of state tax regulations. In France, where taxes are the same across the entire country, this selection criterion does not need to be applied. The related logistics process is simplified, as visualized in Fig. 9.7.

In a vast country like the United States, it has become increasingly difficult to conduct face-to-face meetings – especially due to increasing cost and time
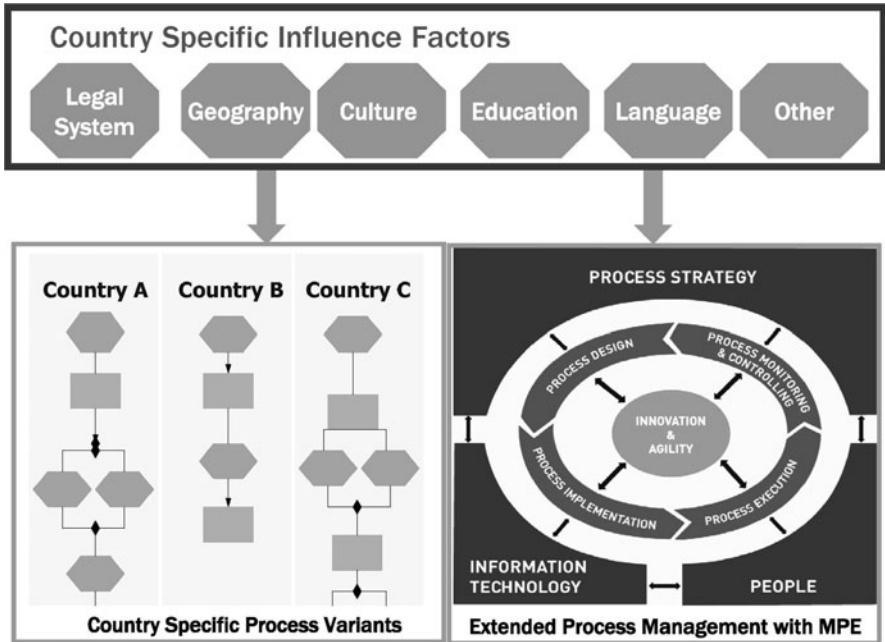
Fig. 9.5 Impacts of country-specific influence factors
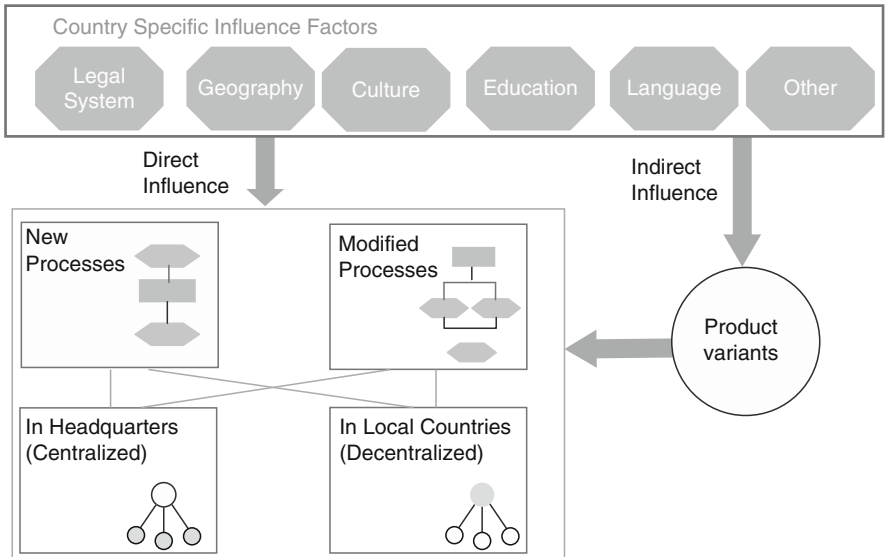

Fig. 9.6 Direct and indirect influence of country-specific factors on processes

requirements. Therefore, the use of Web-based remote presentations and meetings is extremely important and part of many sales processes. In a geographically smaller country, such as Germany, this may not be as important. Most of the cities
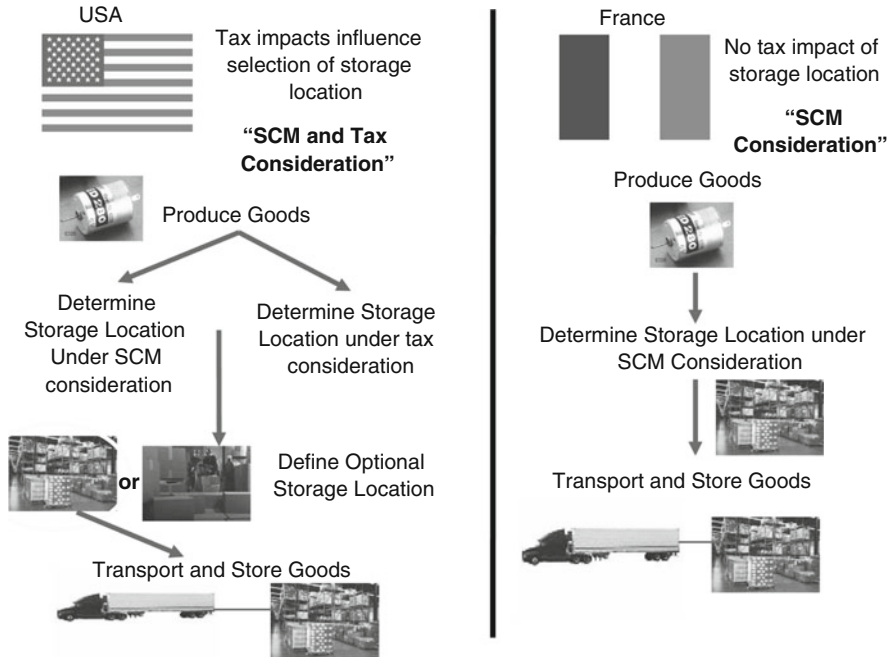
Fig. 9.7 Example: legal regulations influence processes

are close enough to be reached by car or train. This influence of country-specific factors on processes is shown in Fig. 9.8.

Even the language of a country can influence processes. For example, Japanese or Chinese language characters require specific printing capabilities. But there may be a requirement for certain documents, such as invoices, to be printed in a language that can be checked by centralized global departments. Therefore, the same document may need to be printed a second time in a Western language, resulting in process variants, as shown in Fig. 9.9.

There are many other country-specific influence factors. Therefore, a company should evaluate the specific influence factors of countries where it has subsidiaries or market partners involved in a business process. An example is the difference in the voltage between US and European countries. A company producing electric motors in the United States must develop country variants of its products to deliver its offerings to Europe. These product variants can lead to new or additional activities in the entire organization, and ultimately to modified processes. Additional product variants must be designed, handled throughout the logistics processes, and reflected in marketing and sales processes. This situation is explained in Fig. 9.10.

The global business environment directly or indirectly influences the design of business processes and their implementation. In general, customer-facing processes, subprocesses, and offerings must be localized. Support processes or
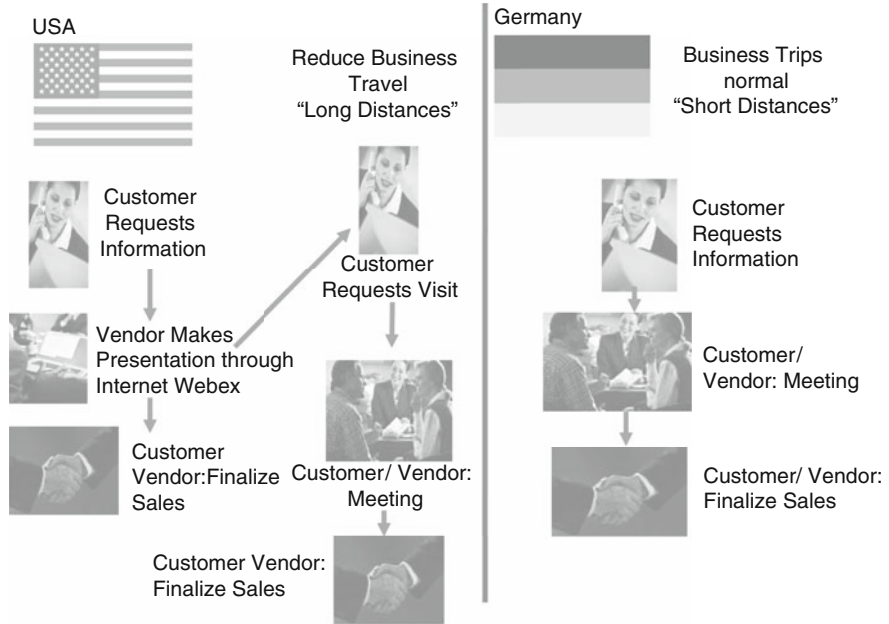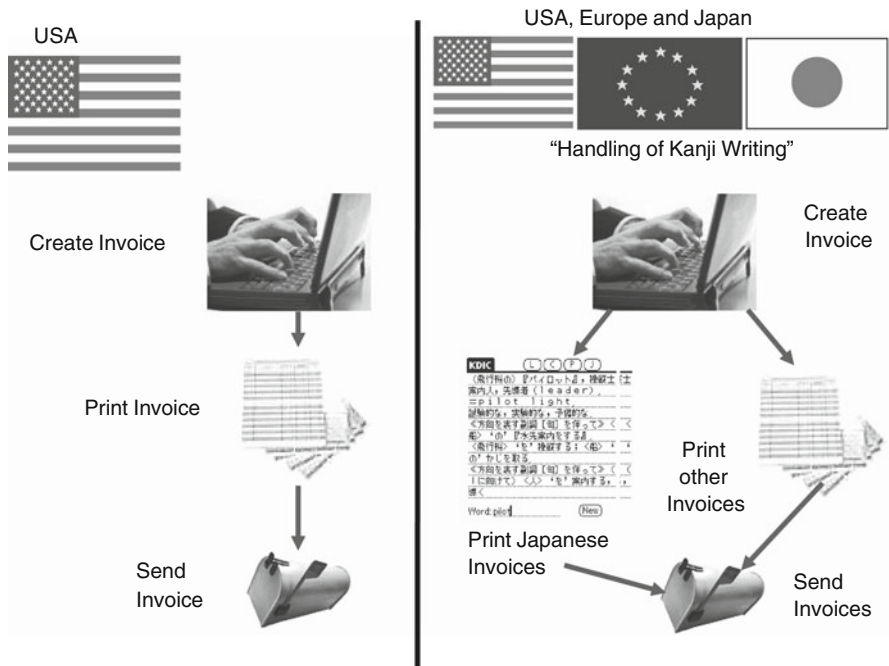
Fig. 9.8 Example: geography influences processes

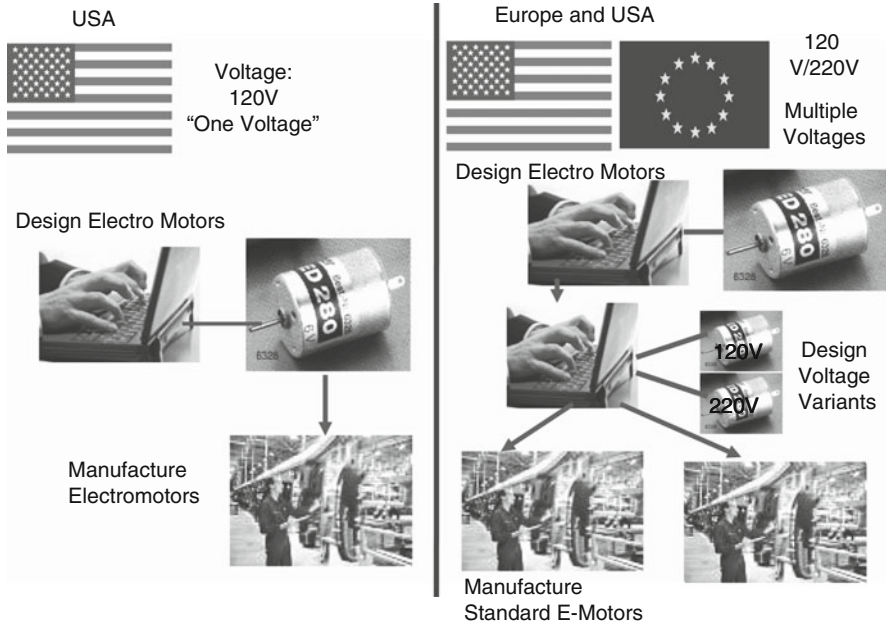**Fig. 9.9** Example: languages influence processes

Fig. 9.10 Example: other country-specific factors influence processes

back-office activities can typically be standardized. The influence of globalization must be reflected in the MPE approach.

9.3   How Can MPE Help?

On the basis of the discussion thus far, we can identify necessary steps to handle global business environments within MPE:

- Identify the degrees of centralization and decentralization of business processes according to globalization strategy.
- Define country-specific influence factors, especially for customer-facing processes and offerings.
- Identify the impact of those factors on the design and implementation of business processes (and the other MPE phases, if applicable).
- Modify the process design according to the country impacts.

The centralization and decentralization of processes reflects the general strategy, leading to international, multinational, global, or transnational organizations, as explained. In this instance, the positioning of the innovation process is very important in a MPE approach. To benefit from the international input, this process must be integrated in corporate and subsidiary activities (e.g., to support the idea finding). The

integration of international third parties, such as customers, universities, or research institutions, can also support the global environment.

Country-specific influence factors can be defined on the basis of the reference list discussed previously. Additional factors must be added and those that are not relevant should be deleted. Then, the business impact of those country-specifics is defined, as presented in the aforementioned examples. The closer the processes are to the local customers, the stronger the localization requirements. The country-specific factors lead to great impacts. In addition, processes related to the design and production of offerings must deal with these localization requirements. General activities and support processes can often be centralized, or at least standardized, across countries. The influence of country-specific factors is smaller. The business impact of country-specific influence factors are incorporated in the design of the business processes in the MPE process factory.

In process design within a globally active organization, one "master process" can be used to develop one or several process variants for decentralized country-specific processes. Therefore, one must manage process variants over the entire business process life cycle and continuously update the design. Changes in the business environment can relate to one or several of the process variants. They may be triggered globally through a change in the master process or locally through changes in the country-specific business environment. This activity must be organized through the process governance and is generally supported by the previously discussed BPM software systems [4]. The management of process variants is visualized in Fig. 9.11.

The discussed reference models can deliver initial solutions to those processes. They must now be modified according to the country requirements. With the increasing importance of global business aspects for nearly every organization, the development of reference models with country-specific content will also become highly relevant. Content providers may progressively move toward this direction and offer reference models related to such topics of globalization.

The utilization of standard application software systems or software components developed for global use simplifies the implementation of processes in a globally acting organization. Standard software typically supports the following aspects, which are important for the realization of country-specific processes:

- Multiple currencies
- Multiple languages
- Multiple units of measurement
- Various legal standards
- International documentation
- International rollout strategies
- International hotline/support
- Others

This is visualized in Fig. 9.12.

Change management activities must be adapted to the countries involved in the implementation of a business process. This may include multiple ways of
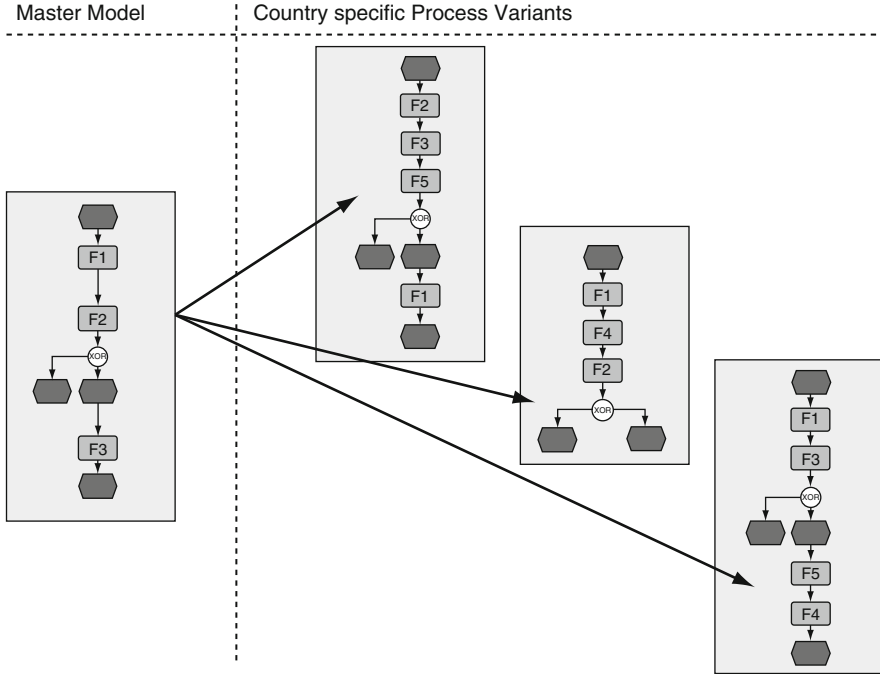
Master Model | Country specific Process Variants

Fig. 9.11 Management of process variants

representing process models. Information, communication, and training must also be adapted to the country-specific habits.

The advantages of BPM software systems can be especially well applied in global business environments because the data volume to be handled increases and the remote work with process models becomes more and more important. The probability of changes in the business environment also increases, resulting in higher maintenance frequencies for the business process models in the process warehouse. MPE delivers the appropriate infrastructure to handle those challenges of a global BPM environment and enable high performance across the global enterprise.

9.4   The Bottom Line

- It is especially important to know about country-specific influences in the cases of manually executed processes and subprocesses or necessary teamwork activities (Sect. 9.1).
- Country-specific behaviors of employees and customers are important for the design and implementation of business processes (Sect. 9.1).
- Specific lessons learned can support the management of processes in a global environment (Sect. 9.1).
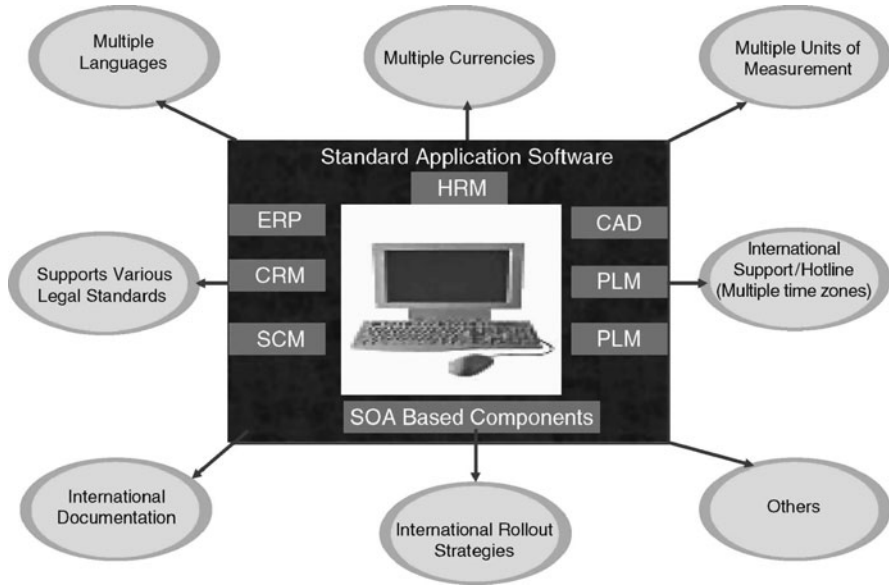
Fig. 9.12 Standard software supports globalization

- Globalization leads to processes carried out in several countries or influencing business processes in one or more countries. Therefore, country-specific factors influence those processes (Sect. 9.2).
- Those country-specific influence factors impact business processes, especially customer-facing processes and processes related to the design and production of offerings. In most cases, this impact leads to country-specific variants of processes (Sect. 9.2).
- The country-specific influence factors also influence the business process management (BPM) approach itself, the "process of process management." MPE must reflect that (Sect. 9.2).
- The country-specific factors can either influence the business processes directly or indirectly through product (offering) variants (Sect. 9.2).
- MPE includes the necessary steps to handle global business environments (Sect. 9.3).
- In the design processes of a global environment, one "master processes" is often used to develop one or several process variants for decentralized country-specific processes (Sect. 9.3).
- The utilization of standard application software systems developed for global use simplifies the implementation of processes in a globally acting organization (Sect. 9.3).
- MPE delivers the appropriate infrastructure to handle the challenges of a global BPM environment (Sect. 9.3).

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