

Critical Success Factors for International Projects

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The future of project management involves an ever increasing number of projects that require the cooperation of geographically and culturally diverse teams. Leaders in the international project arena today are more aware of the challenges and more excited by the opportunities to work with international teams and partners.

As experience with these international project partnerships grows, the organizational competencies needed for success are emerging. Most prominent among them are the knowledge and skill to select the right projects and the right project partners for international efforts, as well as the ability to select, develop, and support leaders for projects and programs who have the skills and flexibility to make cross-border collaboration successful.

The Challenges of Working in an International Project Environment

As corporations all over the world have found time and time again, international project success requires mastering numerous challenges in a complex context. Conducting projects in different countries, with their unique legal and political environment, security issues, economic factors, and infrastructure limitations and requirements, increases complexity far beyond that of projects executed in domestic settings. In addition, the geographic distances, language barriers, and cross-cultural gaps that are typical of an international project environment introduce further leadership challenges and additional risk. Consider the following example:

A high-technology company has assigned an experienced project manager to initiate, plan, and execute a project to develop and manufacture a complex new electronic product. A formal selection process named a major manufacturing company in Bratislava, Slovakia as the best production facility for the product. This manufacturer combines the necessary experience and competence with a significant cost advantage over competing vendors. The product's hardware design will be done in the US, while the development of the complex system software will mostly take place in a wholly-owned company subsidiary in Bangalore, India. The Slovakian manufacturer has assigned a number of test and production specialists as members of the project team.

Being under a tight timeline, the project receives much attention from the technology company's senior management. Nevertheless, a number of issues start surfacing as the project moves through the planning and execution phases. Among them are the discovery that the manufacturer's quality systems do not meet the project's requirements, high staff turnover rates in Bratislava that make it difficult to build and maintain the required know-how, changing labor regulations by Slovakian government agencies that lead to significant cost overruns, as well as frequent misunderstandings between the engineering teams

in the US, Slovakia, and India. Making matters worse, Slovakian management, upon learning that the software team in India encountered a delay of several weeks, temporarily reassign key people to other tasks. The project manager does his best to get all tasks back on schedule, but with limited success. The first production prototypes from Bratislava end up being two months late and failing several critical tests.

After further attempts to get the project back on track failed, it becomes clear that the product would miss its market opportunity. The company's senior management decides to stop the project and terminate the contract with the manufacturer in Bratislava, who subsequently brings up a legal case in a Slovakian court.

Clearly, this international product development project was troubled by a number of the before mentioned factors. For most projects, it would be impossible to pinpoint any one such factor as the sole root cause for the project's struggle or failure. Taken in isolation, each of them represents a task an experienced project manager might find challenging but nonetheless manageable. Collectively, however, these factors elevate international projects to higher degrees of overall risk and greater complexity than domestic projects with similar technical scope.

Three factors are most prominent in determining the success of international projects:

- Selecting the right projects
- Selecting the right partners
- Providing effective project leadership

Selecting International Projects and Partners

When making decisions about cross-border projects and partners, such as outsourcing vendors, suppliers, manufacturers, development houses, or venture partners, it is important to consider all relevant legal, political, security, economic, infrastructure, and cultural factors.

Cultural aspects are often overlooked or receive inadequate consideration. For example, orientations towards risk and time may have a substantial impact on the planning and execution of international projects. Assigning a high-risk project to a team whose members belong to a somewhat risk-averse culture, such as Japan, China, or Germany, often leads to disappointing results: team members may spend excessive time planning unpredictable tasks, attempt to reduce risks by changing performance aspects, or waste energy on coming up for reasons why "it won't work" instead of focusing on how to make the project successful. Similarly, executing time-critical projects in cultures where being patient and accepting fate are crucial values, for instance in Indonesia, Thailand, or certain African countries, presents a poor cultural fit that will likely cause friction, as does sharing critical knowledge with partners in countries like China that lack a strong culture of IP protection. It is therefore vital to review such cultural characteristics in the context of a project's priorities, considering alternatives where appropriate.

Another challenge lies in the approach to selecting international partners. It is never sufficient to verify that a targeted partner has the required competencies. Inherently, companies are characterized by their key values, goals, and objectives. When partnering with others, these factors are rarely fully aligned between domestic business partners, let alone those working across borders and cultures.

Successful partnering requires sufficiently aligning goals & objectives on both sides. Reaching similar alignment over the partners' values, however, may be hard or even impossible, especially when working across cultures. Though the collaboration will be easier if both sides' value sets are well aligned, the existence of value gaps per se is not a reason to abandon a partnership. However, it is crucial to identify and mutually acknowledge value differences in such a project partnership.

For the above reasons, the process of selecting international partners needs to include a clear definition of goals and objectives for the partnership. It must start with a candid assessment of the values, stated and unstated, of the company seeking an international partnership. Once potential partners have been identified, the next step will be to clarify and align competencies, intentions, and expectations on both sides. As part of their due diligence process, both potential partners will be well advised to verify and confirm all of the information they are given. Lastly, the potential partners must analyze differences between their respective values that might affect their collaboration and decide how to deal with them.

Asking the following six questions can be helpful when starting the process of picking international projects and partners:

1. How complex is the project?
2. How complex is the project infrastructure?
3. What are the key risks areas of the project?
4. How time-critical is the project?
5. What are your long-term objectives?
6. Which cultural barriers will you have to address?

Of these, the first four relate to risk management and help in deciding which projects to take international and which partners/cultures to work with. The final two questions serve as guidance for the analysis of value differences between the partners that could affect a project's success if not properly addressed.

Leading Across Cultures

Working with different cultures places new challenges on those leading the projects and those who lead the organizations selecting and sponsoring those projects. Cultures have differing expectations of leaders, different rules about business relationships, and differing rule sets around ways of work. A look at the following example illustrates some of these differences:

A team in Hyderabad, India, is responsible for creating a tool for an internal customer of a US company. Four weeks into the project, the US team lead comes to

the project manager complaining that India is making the tool too complex and causing delays. The project manager picks up the phone and calls the Indian team member working most closely with the US lead. He explains, politely but clearly, that the Indian team is to develop the tool exactly as requested. The team member in Hyderabad is very gracious. He assures the project manager that there will be “no problem.” The Project manager hangs up the phone, satisfied that the problem is solved, and moves on to his next action item.

Two weeks later, the US team lead is back in the project manager’s office, explaining that she is getting no response from India at all, even though she has called and emailed a number of times. She is frustrated and discouraged. She voices her opinion that this whole international project partnership idea is a bad one, because “these people can’t be trusted.”

This example illustrates how routine project issues escalate into real problems in international settings. The US project manager dealt with his Indian project team member in a way that undoubtedly works with US project members. In doing so, he ignored highly relevant cultural differences between India and the US. He insulted the team member’s supervisor by going directly to his subordinate. He put the team member in the difficult position of speaking for both his boss and his team mates with no opportunity to consult them. By being so direct, the project manager assured an affirmative answer from the team member and missed any small opportunity he may have had to get reliable information about the problem.

India is an authoritarian, group-oriented culture that often uses indirect communication. The US, on the other hand, is more egalitarian, more individualistic, and much more direct in its communication. These differences mean that communication is very often confusing for both sides. If the confusion gets too great, work and communication simply stop.

To solve this particular problem, the best course for the US project manager is to pick up the phone and call the manager to whom the Indian team reports. He needs to apologize, acknowledging that he should have discussed the issue first with the manager. He needs to listen and then work with the manager to find a solution to which they are both comfortable. Finally, he needs to spend some time working with his US team lead, explaining cultural differences and the strategies that work best in adapting to them.

Challenges in Leading Across Cultures

As illustrated above, the challenges a project leader at any level faces in leading across cultures are significant. In addition to altering behaviors to accommodate the different expectations of leaders, he or she must recognize and adapt to differences in decision making and work styles, adjust to differences in influence and negotiation rules/tactics, and deal with the communication challenges that accompany language differences and separation by distance and time zones.

Project leadership is the responsibility of the project manager. Leadership can be defined as the ability of an individual to influence, motivate, and enable others to contribute

toward the effectiveness and success of the organization (House et.al., 1999). Thinking of leadership in this way helps clarify why it is so important for the international project leader to adapt his or her behavior to the expectations and values of the culture of his or her foreign colleagues. Most cultures value authoritarian leadership more than the US does. People in these cultures expect the leader to be more autocratic and directive. Leaders who are too familiar, too casual, or just too friendly with subordinates generate distrust and confusion. On the other hand, there are cultures whose members expect their leaders to be more egalitarian than in the US and will resent and often ignore the leader who acts as if he or she is in any way superior to them. They expect their leaders to consult with them and to treat them as equals. This means that it is entirely possible to behave in a way that will be viewed as weak and ineffective in one culture and viewed as boorish and ineffective in another. Cultures who value more authoritarian leadership include almost all countries south of the US, as well as Russia, China, India, and most of the Mid and Far East. Cultures that value more egalitarian styles include Scandinavia, Israel, Australia, and New Zealand. The US is more egalitarian than most other cultures, but not as much as those listed in the previous sentence.

In addition to these adaptation issues, leaders of international projects face significant development issues, as international work at the project level is still new territory for everyone involved. Even those with many years of experience report they are still learning how to best understand and communicate with their international colleagues. Project leaders at all levels, as well as project team members, have to both learn, and teach everyone involved, new ways of working together.

Among the most challenging people to work with on an international project are superiors who are unaware of differences in leading across cultures. These people often miscommunicate, misunderstand, and misinterpret the behaviors and intentions of their colleagues. At the upper levels of the organization, this can be particularly difficult for the project manager. Below is a list of behaviors typical of an uninformed and unhelpful supervisor of an international project manager:

- Delegates completely, doesn't see any reason to get involved.
- "They work for us—you make that clear to them!"
- Asks if the project manager is keeping "banker's hours" when he/she comes in late after being on the phone from 11-3 the night before.
- Sees no reason to be selective (except technically) in placing people on an international project.
- Selects high risk/high collaboration projects for international work.
- Assumes the time required is the same for international and domestic projects
- Is unwilling or unable to change leadership style to meet cultural expectations.

The behaviors are indicative of a leader who simply does not understand the realities of an international project. In this situation, the project manager has the added burden of educating his or her boss on the realities of international project work. This is perhaps another reason for selecting project managers who are very skilled at influencing, negotiating, and adapting their behavior to different people and contexts.

Ideally, the project manager's supervisor is aware of the challenges of international projects and is able to provide support and advice to the project manager. In addition, that ideal supervisor will have close relationships with his counterparts in partnering organizations and can use his influence when necessary to resolve issues or expedite solutions.

There are also project managers who should not be assigned to international projects, even when they are very successful in their own cultures. Below is a list of the behaviors or perspectives that make a project manager most likely to fail in an international project:

- Doesn't work to build relationships.
- Insults or ignores foreign subordinate managers (often unknowingly).
- Spends little or no time in designing/building communication systems.
- Always supports the US side in conflicts.
- Talks very fast and very loud
- Expects all the adapting to be done by foreign colleagues
- Attributes problems to laziness or stupidity (and shows it).
- Refuses to change his/her behavior to accommodate differences
- Doesn't follow up to insure that agreements are understood and executed.
- Assume there is agreement on rules around time and quality.

This list characterizes a project manager who is uninformed about the impact of cultural differences on international projects. One of the most common complaints from experienced international professionals is about the number of people sent to work with or for them who are and remain unaware of the very real impact of culture and language on the way in which a project must be managed. An emerging best practice is to assure that adequate training in cultural differences is provided to all those managing or working on international projects. In addition, it is best to select those project leaders who have significant relationship building skills and are well aware of the role relationships play in international project success.

Summary

Projects that cross borders offer unique opportunities and significant risk. Best practices that mitigate some, although certainly not all, of that risk are available. These include disciplined project and partner selection practices that weigh legal, political, security, economic, infrastructure, and cultural factors. Also critical is the careful alignment of the goals and objectives of all participating parties.

Careful selection and alignment, however, are not enough. Organizations that excel in international project management must select, train and support project leaders at all levels flexible enough to adapt to significant cultural differences, and deliberate enough to manage the systems and structures that assure adequate and timely communication and adherence to strict quality standards. Leaders who possess those unique set of talents are rare, but their numbers are growing.



Sue Freedman, Ph.D. and Lothar Katz are the creators and primary instructors of Managing Projects Across Borders™, a series of three workshops on Leading International Projects and International Project Organizations. *Managing International Projects* and *Negotiating and Working with International Customers, Suppliers and Other Partners* are offered as public workshops through the University of Texas at Dallas' Project Management Program. *Leading International Project Organizations* is currently taught only as an in-house offering. For information on these workshops, visit ManagingProjectsAcrossBorders.com. Sue and Lothar also teach in the Executive Education Project Management MBA Program at the University of Texas at Dallas.

Sue specializes in the people and organizational aspects of projects and project based organizations. She spent 12 years with Texas Instruments, serving as Manager of Organizational Effectiveness at the Division and Corporate level and 2 years as Vice-President of Organizational Development and Human Resources in a large real estate investment trust. She is a co-author of *Beyond Teams: Building the Collaboration Organization* (Jossey-Bass, 2003) and author of "Managing Virtual Teams that Cross Borders" in *The Handbook on Virtual Teams* (Jossey Bass, 2008). Sue is a frequent presenter/trainer at professional conferences, and through Webinars and in house training programs.

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