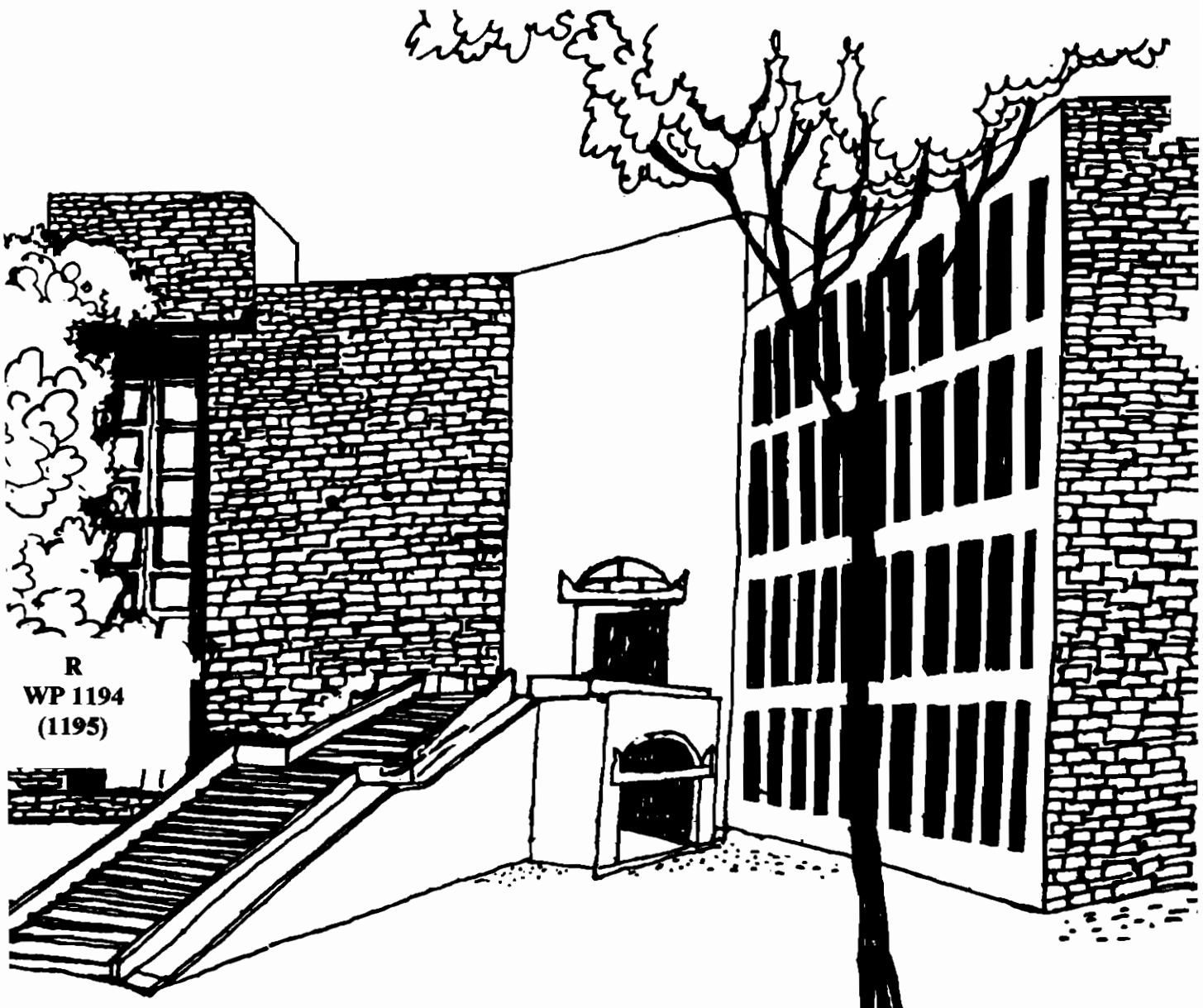




Working Paper



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**LEARNING BY BLUNDERING AROUND
SOME EXPERIENCES IN INTERNATIONAL
MANAGEMENT**

By

J.P. Singh

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LEARNING BY BLUNDERING AROUND

SOME EXPERIENCES IN INTERNATIONAL MANAGEMENT

J.P. SINGH¹

SUZUKI. Japan sent a telex message to an Indian company enquiring if they will be able to supply 20,000 gear blank sets per month. Volumes were committed for two years. The company was already supplying 5000 sets per month to Suzuki's partnership concern in India. Thus the product was familiar. The tools were existing though machine capacities were not adequate. The Indian company telexed back asking for a longer term commitment and a lead time of eight months. There was no further reply from Suzuki. Later the Indian company learnt that Suzuki transferred the business to Korea.

What would be your response to the Suzuki's telex?

What could have been alternative ways of handling this inquiry?

Obviously the reply by the Indian company was somewhat of a blunder. It was inappropriate on part of the Indian company to lay down conditions and to enter into negotiations through telex. Perhaps it would have been more appropriate to express the initial positive reaction and seek more information to be followed up with a meeting wherein details of lead time and term commitments could be negotiated.

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LEARNING FROM MISTAKES:

In the USA there is a Surgeon's Association which meets regularly to analyze cases of death on the operation table. The surgeon responsible for the operation makes a presentation of the case, the patient's ailment, the treatment and the way the operation was handled. The presentation is then debated to ask as to how this death on the operation table could have been avoided? Often times, the case being presented is the case of an operation yet to be performed and the opportunity is used to find out all the different things that could go wrong in the forthcoming critical operation.

The assumptions underlying activities of this association are:

- a. It is possible to learn from mistakes.**
- b. When we share our mistakes, useful information and alternative solutions emerge.**
- c. Creation of data bank of past mistakes can help future improvements.**

The purpose of this note is to try and create a similar data bank of International Business Blunders by Indian Companies while dealing with the international organizations and global markets.

EMERGING LEARNING FROM THE AMERICAN EXPERIENCE:

Along with this note American Business Blunders in various areas of management are appended (See Appendix). Based upon the USA experience, three things can be stated:

- a. Pure replication is a sure way to blunder.
- b. Blunders can happen in all functional areas and are not limited to the people management issues.
- c. If blunders can happen for American companies operating in culturally similar situation in England and Canada they sure are likely to happen in culturally dissimilar countries.

The Murphy's law is still valid. It says:

If something can go wrong it will

MAJOR MODES OF LEARNING:

When we look at the way human beings learn, four basic modes emerge. These are:

- a. Imitation
- b. Formal Education and Training
- c. Experience
- d. Exploration

Imitation as a mode of learning has been severely undervalued in management. A child learns primarily by imitating parents, siblings and other important persons in his life. One is often wonder-struck how a child's behaviour closely parallels the attitudes and behaviour observed in his home. In organizational settings, we are constantly reminded of the importance of a manager as a role model for his sub-ordinates. Witness late coming boss, who always finds his sub-ordinates coming even more late than himself.

Education and Training are basically packaged learning wherein important information and knowledge is shared on specified areas.

The utility of education and training is limited only by a pupil's desire to learn and a teacher's ability to make the subject exciting.

Experience: A hundred bibles cannot teach about the religion what one experience can teach in a few minutes. The problem with the experiential learning is that experiences cannot always be arranged and one has to sit back and wait for the experience. However one can always learn from the experience of others and this is where the learning from the other's blunders can help. Of course laboratory experiences can be arranged: but in the world of management it is not easy to arrange laboratory experiences. Experiential learning has always resulted in street knowledge which is very different from the scientific knowledge emerging from the laboratory and field experiments. Science in general and management science in particular, has yet to find a way of using together the street knowledge with laboratory knowledge.

Exploration: Like imitation the value of exploration as a mode of learning has been severely undervalued. Parents, teachers and managers are all busy telling what not to do and thereby put a cap on the exploration instincts of the individual. In a way, organizations tend to put fresh recruits in its straight jackets and limit exploratory behaviour of its employees. No wonder very little creativity remains in the organizations and one has generally to go out and seek help in identifying creative alternatives to any situation. If organizations have to

encourage generation of exploration based knowledge it would be essential to encourage non-routine and the non-conformist.

IMPORTANCE OF CONTINUOUS LEARNING:

That learning never stops is often stated. But how many managers consciously aim at new learning is debatable. The way the world is moving, not only we are in the midst of constant change, but even the rate of change itself is accelerating. Thus it is all the more important that we develop strategies for learning. The key questions that one must ask are:

- A. What is my personal strategy for learning?
- B. What is my organization's strategy for managerial learning?

To sum up, it can be stated that:

It is important to continue to learn

It is important to learn: learning to learn

It is not essential to learn by blundering around

Analysing other's blunders can reduce blundering around

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APPENDIX

NOTES ON BLUNDERS BY THE U.S. COMPANIES OPERATING ABROAD

BASED ON RESEARCHES BY

David A. Ricks, Ohio State University, Columbus, Ohio

Marilyn, Y.C. Fu, Chemical Abstracts Service, Columbus, Ohio

Jeffrey S. Arpan, Georgia University, Atlanta, Georgia

ADVERTISING : LITERAL TRANSLATIONS

General Motors "Body by Fischer"

**"Body" In Belgium/Spain = "Corpse by
Fisher"**

Schweppes Tonic Water

**"Schweppes il Water"
In Italy = bathrooms**

"Rendezvous Lounge" in jet aircrafts

**"Rendezvous" In Brazil = Room hired for
Love making**

"Come alive with pepsi"

**"Come Alive" In Germany = "Come alive out
of the Grave"**

**Detergent suited for really dirty parts of the
linen**

**"Les parties de sale"
In Quebec = private parts**

**Colgate Palmolive Introducing "Cue" toothpaste
in Europe**

"Cue" in French is pornographic

PRODUCT LAUNCHES : MARKET RESEARCH

American Campbell Soup
\$ 30 million losses abroad

In England: condensed.
in US ready to serve
Needed 2 Yrs. for the
realization: Size of the Can.

Other Places:
Unwillingness to change English
lettering to Roman alphabet

Promoting Coffee/Softdrinks/Foods

British heavy with milk
Brazil with a little Chicory Flavour
French Commonly drink it black
Local flavours, palates.

General Mills, USA promoting
Betty Crocker Cake in
England. \$1.4 million
advertising = No sale,
"To exotic cake names".

Phillip Morris, introducing
their popular Cigarettes in Canada.
Substantial Campaign, no results.

General Mills collaboration
with Morinage Confectionary in
Japan. Failure to sell corn-flakes
and breakfast cereals.

"Japanese accustomed to a
different morning diet".

Ford Cars in Europe

First 6 months: 56% unsold
style change from "traditional
european style" (sleek, simple,
practical) to DETROIT Style (wider,
longer, heavier, expensive)

PRODUCTION

British designed Saw mill in British Columbia.

Engineers unfamiliar with local lumber.

Mill Design not adjustable to local varieties and sizes.

Sold out, withdrew in 3 years at major loss.

U.S built pineapple Cannery in Mexico.

Located at river delta for easy transportation.

Crop maturity time coincided with floods.

Local climate information not used.

Closed operations Equipment sold at 5% of Cost.

Ever Ready, England Sent batteries to Africa.

Initial sales very good. Soon after total stop.

No quality check of special consignment.

Faulty chemical, interested product.

FINANCE

USM in Portugal.

Low Equity due generous local credit.

Operation could barely service debit.

Forced to ship components, finished goods w/o payments for a long term.

Celanese corporation 1967, \$ 77 million loss.

\$ 134 m. disinvestment of newly acquired units.

Sold \$ 48 m. of shares.

Sold interest to Berger-Nicholson for \$ 35 m.

U.S. Company in Brazil.

Thought its Sales grew 100% in 5 yrs and inventory turnover rate 3.83.

Faulty accounting in devaluatory currency market.

Translated only current months operations at new devalued rate, and added that months results to yearly cumulative figure at pre-devalued rate.

Late realization.

LEGAL

Goodyear ad copy "3T can break - a steel chain".

In Germany Illegal to imply another product to be inferior.

Problem with steel manufacturers.

3 M joint venture with sumitomo Japan.

Failure to account for all investment laws.

Major delays. Sony captured market.

3 M share negligible.

Unilever, N.V. venture with Hohnen Oil, Japan.

Similar experience as 3 M.

Chandler (E.M.D) calls it "Valuable Education".

Cost \$ 3 m. and still at loss after 5 years.

Freuhauf U.S. subsidiary in France.

Sold Truck bodies to Berliet, France.

In turn sold finished trucks to Mainland China.

Freuhauf violated "Trading with Enemy Act"

Freuhauf, France violated "Failure to honor sales contract", in France.

HRM

Raytheon's Salvage Operation by Italian-Americans.
Sicilian distrust of "mainland" Italians.
Problems aggravated.

U.S. firm in Europe.

\$ 12 million losses in 11 months.

Diagnosis : "Ugly American" Syndrome.

2nd case : Declining sales from initial high

Diagnosis : European Expert's perception of his
role.

: Tell, not listen.

St. Gobain attempt to stop local takeover bid.

Revealed Financial data to stockholders.

Exploited by unions for bargaining.

Additionally, U.S. affiliate 26 days strike.

Remington Rand laid-off workers in France.

Though all got good jobs.

Govt. not consulted as required.

In Italy : Union notice to strike.

2/3 strike 1/3 attend - insufficient for work.

Next step : only power plant operators on strike.

(Small number - Total disablement).

"Installment Strike" legal in Italy.

Blunders.

GENERAL MANAGEMENT/BUSINESS POLICY

Litton's contract with Greek Government.

Economic Development of two remote islands
Using management techniques.

Target : attract \$ 120 m. foreign investment in 2
years.

Achievement : Less than \$ 50 m. contract
terminated 29th month.

Is economic development = application of management
techniques.

Of 133 key appointments. Not even a top level
economist, or experience with a development
organization or institution.

Eastman Corporation brought back key personnel too
soon. Failure to investigate subcontractors
background.

G.E. overloading foreign venture with U.S.
personnel.

ENTRY MODE

Joint Venture :

Changing fortunes of the collaborator with change in government.

General Arrangement :

President Local, Principle's rep. Vice-president working Relationship problems.

U.S. firm in Spain.

Changed prestigious Spanish name to parent Co.

Flew U.S. Hag on company flagpole.

Boasted of its effort in rejuvenating the Co.

Net Result : Slow down of work,

Local press hostile.

Authorities made business conduct difficult.

T 1. BLUNDERS BY FUNCTIONAL AREA

Function	Number	Percentage
Marketing	45	41
Management	28	26
Personnel	19	17
Production	6	6
Finance	4	4
Legal	6	6
TOTAL	106	100

T 2. BLUNDERS BY PRODUCT CLASS

Product Class	Number of Blunders	Percentage of total Blunders	Percentage of World Trade
Manufactured Goods	40	37	26
Foods Beverages & Tobacco	22	20	18
Machinery, Transport Equipment	20	18	24
Chemicals	5	5	6
Crude Materials (excluding fuels)	4	4	15
Mineral Fuels & Related Materials	1	1	11
Unkown	16	15	-
TOTAL	108	100	100

SOURCE: U.N. yearbook of International Trade Statistics.

T-3. BLUNDERS BY PRODUCT TYPE AND FUNCTION

Product Class	Mkg.	Mgmt.	Pdn.	Fin.	Leg.	Pnl.	Tot.
Foods, Beverages & Tobacco	17	1	2	0	1	1	22
Manufactured Goods	16	12	1	2	1	8	40
Machinery & Transport	6	7	0	2	2	3	20
Mineral Fuels	1	0	0	0	0	0	1
Chemicals	0	1	0	0	1	3	5
Crude Materials	0	7	0	2	2	3	20
Unkown	5	6	0	0	1	4	16
TOTAL	45	28	6	4	6	19	108

Blunders. 10

