

# Globalisation.

Jean Pousson examines the issues, the reactions and the challenges facing businesses



**Jean Pousson**

Recently Arsenal football club, a London based club, was applauded for becoming the first English club to defeat the Spanish giants Real Madrid in Spain. What many missed was that the Spanish side had more English players than Arsenal (who had none). Arsenal by the way is coached by a Frenchman.

At the time of writing, a Brazilian born football coach, Mr. Scolari, was apparently offered the chance to become the coach of England's national football team. This caused fury amongst many sports enthusiasts who felt

that the job should have gone to an Englishman.

Similar anger is expressed in France where there is concern that about 70% of filmgoers avidly watch Hollywood movies.

The above illustrates just a few reactions caused by the impact of globalisation.

Some reactions however have been more violent. We all remember anti globalisation/capitalist protesters causing damage in Seattle and other world cities (whilst wearing Nike shoes, and communicating via their Nokia mobile phones!)

Even the ultra conservative accounting profession has had to come to terms with this phenomenon by trying to harmonise accounting standards throughout the world.

Many organisations have for decades overcome these obstacles. The Red Cross, Amnesty International, and Medecins Sans Frontieres have long been truly global organisations. In the fields of entertainment a Beatles song

could be hummed with equal ease on the streets of London or Mauritius. Charlie Chaplin you could argue was one of the first truly global comics.

But in the fields of business there are many different issues which organisations are only beginning to come to grips with.

Convergence. As capital flows freely so have the trends for acquisitions. The top five car alliances now account for 75% of the global market. The net income of the world's 150 biggest companies (as measured by stock market capitalisation) now make up 50% of the world's net corporate income as opposed to 38% in 1993.

Coverage. The internet has for long rendered geographic boundaries irrelevant and time horizons meaningless. Strategies therefore can no longer be shoehorned from nine to five.

Competition. Although globalisation is making everywhere else look like everywhere else, competitors

have sprung up on the global scene from the most unlikely of places eg Nokia.

Labour. People vote with their feet and will follow jobs worldwide. Amazon recently announced that they were shutting down their operations in Slough London, to relocate to Cork Ireland because of the difficulties in getting multi lingual staff. The death recently of a Bollywood actor caused havoc in call centres in Bangalore as nobody turned up for work. Everybody went to the funeral!

Organisations therefore need to learn to adjust their strategies to cope with these new market dynamics. Mistakes are aplenty and this short article cannot even begin to go through the palmares of calamities. One of my favourite top of the flops goes to US food brand Frank Perdue whose original strap line 'it takes a strong man to make a tender chicken' when translated into Spanish read 'it takes an aroused man to make a chicken affectionate!'

# You don't have to conform

Bruce Bosworth questions some standard business practices

I have told my wife that when she buries me (she always presumes I will go first) that on my gravestone I want carved "I never started it". Well I don't, but some people have a way of doing business that brings out contrary behaviour syndrome in me. For example; I often receive sales calls by telephone. Now I don't mind being sold to, that is what business is about – buying and selling. I just have a very low tolerance threshold for subterfuge, trickery and unwanted familiarity. Most tele-sales people use the same tactics. I guess they have all been on the same get-your-foot-in-the-door sales course and are reading from the same script. It goes something like this:

*Salesman.* My name is Scott of Multimedia Telephony. Am I speaking with Bruce Bosworth?

*Me.* Yes, you are.

*Salesman.* Hello Bruce, how are you doing?

*Me.* Do we know each other?

*Salesman.* I spoke with you 6 months ago and you showed an interest in changing from your present telephony supplier.

*Me.* First of all let us establish the correct relationship. My first name is for use by friends, relatives and business people that know me. You are none of these, and so to you, I am Mr Bosworth. Second, why would I want to do business with a liar because I have not shown an interest in your services before.

The call normally ends at this point. It is probable the salesman is cursing about me to his colleagues. Well I didn't start it!

Contrary behaviour syndrome manifests itself in me in other ways. Recently I appointed a broker to sell my Narrowboat. On scouring the contract no mention was made of how the money is transferred from buyer to seller. I raised this point with the broker and he said the buyer pays his brokerage ( a limited liability company) from which he deducts his commission and pays the balance to me. I asked him why the purchase price could not be paid direct to me and I would then pay him his commission.

He was rather taken aback but said that payments are normally sent to him. I pressed him by asking if it was because he didn't trust me to pay him his commission, and offered him several solutions to guarantee his commission payment. He didn't agree to any of them.

I explained to him that if the purchase price was paid to him, this meant I would be giving him unsecured credit for £39,000 for the time he retained it. What if his company goes broke during that time? I neither have a boat nor the money. But we won't go broke he said with a tone of indignance in his voice. He went on to explain that he had professional indemnity insurance and a "client account" at his bank. I replied that I knew all about client accounts and professional indemnity but that neither would protect me if his company went "bust" while I was an unsecured creditor.

He couldn't understand my attitude. I asked him why he would not trust me with his commission of £2300 but expected me to trust him with £39,000. He resorted to his original answer that his is the usual way of doing business and is in line with the British Marine Industries practice. I pointed out to him that my caution was not intended to question his personal integrity but merely to secure my position in the event of the

unforeseen happening. I explained that many companies go broke as a result of normal commercial pressures. There is no shame in that. But I was not going to give anyone £39,000 of unsecured credit. To reinforce my point I reminded him that he was a director of a boat company that went "bust" several years before (Yes, I had done some research). In the end all money was paid to me and I paid his commission promptly.

Lots of buyers hand over their money as deposits or prepayments without thinking about the risk they are taking. This happens when paying in advance for overseas property, holidays, furniture, deposits on motor cars and so forth. They shout foul when the company holding their money becomes insolvent. Why didn't they think before they paid? But maybe they didn't want to appear contrary. I suspect my boat broker thinks I am an awkward cuss. But I never started it. Well I suppose I did because I approached him in the first place.

Most suppliers of goods and services research buyers before releasing goods on credit. It is standard business practice, or should be. Banks also normally want director's personal guarantees. But if suppliers of goods and services want advance payment in whole or by deposit they seem bemused if the customer enquires about their credit worthiness. How odd.



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