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How to Localize Products for Success in a Foreign Market

by the **Silk Road Communications
Consulting Unit**



How to Localize Products for Success in a Foreign Market

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Introduction

Multinational Corporations (MNCs) want to be able to sell their products in multiple national markets. MNCs have found, however, that simply grafting pre-conceived local tastes onto base products is costly. Especially if they guess wrong about the needs of foreign markets. Most MNCs rely on domestically successful products onto



Coca Cola tried marketing its domestically successful two liter bottle in Spain. It finally withdrew the bottle from the Spanish market when it discovered that the refrigerator compartments were too small to hold the liter size.

which they've grafted foreign affects to see them into the international marketplace. These hybrid products may be faster to convert than developing a wholly new product; however, hybrid products may have short life-times and/or be complete failures in the local market

without a substantial investment in product re-engineering. McDonald's, Coca Cola, and Proctor and Gamble have learned this lesson through damage done their images and bottom-lines.



The process of adapting a product to suit the requirements of a foreign market is called "localization." Localization can be as simple as translating the labels on a product from English to the language of the target market; or as involved as completely redesigning a product to ensure the product appears to have come from the foreign market itself, instead of from another country.

Localized products – like their stunted cousins, hybrid products – are saleable items or services that cross the national borders of an MNC's headquarters. Hybrid

products have attributes of target foreign-markets “bolted on” in a flimsy, transparent fashion. The best localized products are re-designed and re-engineered from the start with the target foreign market already in mind. A strong conceptual, design and engineering foundation for the product allows for quick adaptation to and success in a foreign market.

The success of a localization effort hinges on how the project manager defines and integrates the disparate functions and backgrounds of the development team members, and the approach the project manager takes to staging the re-development process. The earlier in product re-development the project manager brings together team members in Joint Product Design (JPD) activities, the better defined, broader and more flexible the foundation upon which an MNC can localize its product offering.

“...Project Management staff must ensure it fully integrates foreign-born consumer representatives and business managers with the engineering team to make the results of development projects more cost-effective and usable.”

Most MNCs direct their product initial development efforts through their Sales & Marketing departments. Sales and marketing hears of a particular need or “wish” from current or potential customers in the domestic market, embellishes the request with additional “features,” then directs the Design & Engineering departments to fulfill the scope Sales & Marketing has defined. Often through the development process, the scope “creeps,” into something unrecognizable from the original customer vision. The MNC later “hybrid-izes” the product for foreign markets, presenting something that appears to foreign customers as dysfunctional, laughable or downright insulting.

Teams structured to function in the downward spiral of hybridization are unable to collect and digest and effectively integrate all the parameters involved in product re-development for foreign markets. Full-localization,

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in contrast, requires that all stakeholders be treated and managed as team members and inducted into the program through a series of Joint Product Design (JPD) sessions. The concept of TEAM in full-localization projects must include relevant consumer representatives from the foreign markets for which engineers are re-developing products.

With the radical heightening of consumer expectations, ever-shorter delivery schedules, shrinking localization budgets, and product roll-outs that must transparently cross national borders, Sales & Marketing can no longer afford to horde localization projects, nor to erect barriers between themselves and other departments in the organization. Developers must not only bring projects in on time and within budget, but those projects **MUST BE RIGHT THE FIRST TIME** from the perspective of the consumer. Defective, dangerous or demeaning products or outcomes that do not meet the expectations of foreign consumers will negatively impact the reputation and bottom-line of corporations.

From the outset of a project, then, Project Management staff must ensure it fully integrates foreign-born consumer representatives and business managers with the engineering team to make the results of localization projects more cost-effective and timely.

A Joint Product Design (JPD) approach is the most effective device for bringing together the competing visions and requirements of product stakeholders. Benefits of the JPD include:

- ‡ Opening and clarifying communications and intentions between product stakeholders;
- ‡ Providing the groundwork for efficient and effective consumer marketing focus groups for target buyers in foreign countries;
- ‡ Facilitating the process of translating product requirements into engineering specifications;
- ‡ Reducing the time engineering requires to “translate” design specifications;
- ‡ Shortening marketing cycles by beginning marketing design and rollout as engineering localizes the product.

How to Localize Products for Success in Foreign Markets will:

- ‡ Describe the true dynamic nature of localization project management;
- ‡ Give managers a list of the roles to fill on successful Localization Product teams;
- ‡ Tell managers how to structure initial Joint Product Design sessions to integrate team members and to build consensus between stakeholders;
- ‡ Detail the agenda items that must be discussed to launch a successful localization effort.

Defining the Project Team

*Identifying Roles and Responsibilities of Localization Stakeholders
is the first key to project success*

“Consumer representatives need to be chosen and need to attend joint design sessions from the very outset of the project.”

The optimal localization team has four roles to fill:

- ‡ The Foreign Consumer Representative(s)
- ‡ Project Administration And Coordination
- ‡ The Technical Experts
- ‡ The Management Patron(s)

Each group has its own roles and responsibilities within the project for which it is responsible, and each of the members within the group represents contrasting interests and perspectives on the project.

Foreign Consumer Representative(s)

Consumers

Consumers are the front-line individuals who will work, one on one, with the products that evolve from the efforts of the project team. They are also the keenest of project stakeholders when it comes to how the product will actually benefit the market. Natives of the foreign markets into which the company will sell the products are key to ensuring the product specifications meet the expectations of the target market.

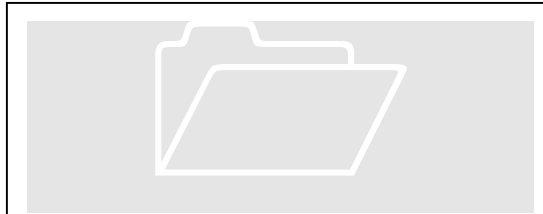
Consumer representatives need to be chosen and need to attend joint design sessions from the very outset of the project. These representatives will be able to point out potential traps in the project that can be costly if discovered further into the development process. These educated consumers will also be the beta-testers for each of the sub-products the team delivers.

Whatever role consumers play in product development, they must feel a part of the project; they cannot feel as though they are having to accept something that will not benefit their lives.



Excessive complaints from consumers about the quality of the product often result in the company losing market share. The

most effective way to ensure consumers accept the final product as something that will better their lives is to have them participate in the actual design and development of the product.



A cologne for men pictured a pastoral scene with a man and his dog. Where it was marketed in Islamic North Africa a dog is considered unclean and a sign of bad luck.

Consumer Liaison

The Consumer Liaison to the project will serve as an arbiter of project realities to the project management team. The Liaison should be from the country of the target market, since she will coordinate other foreign-national consumer representatives on the team

and will likely participate in the design, analysis and development phases of development.

Basically, if the Project Facilitator moves drastically from the originally agreed-upon course, it is the Consumer Liaison's responsibility to alert the Project Manager to the fact and to deliver to

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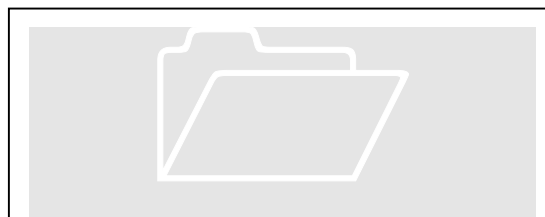
Management a realistic assessment of the impact of Management's approach to the project. The Consumer Liaison is the devil's advocate: not antagonistic, but keeping Management alert during the project.

The Consumer Liaison is also responsible for identifying consumers who can serve as counterparts to the technical team members during the course of the project. For instance, the analyst will require time with consumers to map out consumer requirements. Later in the development process, engineers will need consumers to test the product. The Consumer Liaison must see consumers are ready to participate at the appropriate time.

Administration and Coordination

Project Manager

The project manager will deal with the administrative end of the effort: planning and coordination of resources, written and verbal communications with the organization's management staff, and procurement. The project manager will also work to keep the project



McDonald's received many complaints from local authorities in 1988 when it displayed the Mexican national flag on its placemats. The Mexicans were offended by grease and ketchup defacing their national symbol and quickly confiscated the place mats.

on track, and manages the expectations of Executive Management. In such a capacity, the project manager to a great extent insulates the project team and project facilitator from the glare of corporate management's steely-eyed gaze.

The Project Manager manages issues at the Executive level and facilitates

the acquisition of resources for the team so the Project Facilitator can get on with the day-to-day management of the project.

Project Facilitator

Project Facilitators mediate and translate between the methods and terminology of the business context and the constraints and potentialities of consumer requirements. Project Facilitators must above all be flexible and adaptable and have the ability and desire to communicate with consumers, engineering, and management patrons.



The greatest difficulty Project Facilitator's on international projects have is managing across

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cultures, languages and time zones. Project Facilitators must be culturally astute, akin more to diplomats than to military commanders. Project team members on international teams will have different communication styles, information processing approaches, and problem-solving techniques. Likely, the entire team will use English as a Second Language when communicating across cultures. However, they are likely to speak their mother tongue when working with their countrymen.

You can read more about managing project teams that speak English as a Second Language in the Guide **How to Manage Teams that Speak English as a Second Language**, from Silk Road Communications, L.L.C.



A major soapmaker test marketed a soap name in 50 countries, and what it found was enough to make them change the name. The proposed name meant "dainty" in most European languages, "song" in Gaelic, "aloof" in Flemish, "horse" in one African language, "dim-witted" in Persian, "crazy" in Korean, and was obscene in Slavic languages.

About the Editor



William R. Dodson is Managing Director of **Silk Road Communications, L.L.C.**, a management consultancy that builds and improves communications and working relationships between individuals to reduce the cost of doing business across cultures. **Silk Road Communications, L.L.C.** uses cross-cultural consulting techniques, organizational change tools and project management methodologies to align Executive strategy with staff delivery to implement comprehensive, localized customer solutions.

Mr. Dodson is a graduate of Cornell University. He is practiced in conversational Spanish, conversational Turkish and Mandarin Chinese. A former senior consultant with PriceWaterhouseCoopers L.L.P., he has worked on consulting projects in Europe, Turkey, Latin America and Canada.

He has led organizational change efforts across a variety of industries, including: higher education, finance, healthcare, manufacturing and media. He has also served as a senior-level consultant to KPMG Consulting on team building and organizational change initiatives and executive-level strategic planning.

He has had published dozens of articles, and has delivered talks to large audiences on cross-cultural communications in the office place, problem solving approaches in intercultural business initiatives, and project management and organizational change best-practices. He writes a weekly column on cross-cultural issues in business entitled, "The Cultured Business", which is also syndicated to the Global Perspectives website of The American Management Association (AMA). He is Editor-in-Chief of the China Alert, a publication of the United States-China Chamber of Commerce.

He is a member of The Society for Intercultural Education, Training and Research (SIETAR); the American Management Association (AMA); and the United States-China Chamber of Commerce (USCCC).

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