

Frequent Contact Helps Bridge International Divide

Chip-Designer Teknovus Improves Asian Ties by Raising Status of Overseas Offices, Encouraging Staff Visits

By Phred Dvorak

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Greg Caltabiano, chief executive of chip-designer Teknovus Inc., felt his California-based engineers should better understand the company's customers in Asia, where it sells most of its semiconductors.

So Mr. Caltabiano set out two years ago to build bridges among Teknovus employees, customers and staff overseas. Over time, he sent 70 of Teknovus's 95 U.S. employees for short visits to Asia. He required new overseas hires to spend time in the U.S., and he encouraged U.S. employees to call their international counterparts often.

Employees on both sides of the Pacific say the increased contact has resulted in Teknovus engineers responding better to clients' needs. Sales more than doubled in the past three years to just under \$50 million in 2008, the company boosted its market share in China, and Japanese customers include Teknovus in product-planning discussions, says Mr. Caltabiano.

"You need to be intensely international," he says. "You have to chip away at 'we versus they.' "

Talking Across Borders

Teknovus CEO Greg Caltabiano, offers these tips for navigating cross-cultural communication:

- Don't take what's said at face value
- When conflicts arise, look for communication problems first
- Encourage visits between headquarters and overseas employees
- Have managers monitor cross-border communication and intervene when it breaks down
- Ensure overseas employees' concerns are heard at headquarters

Many companies wrestle with communicating across cultural divides, says Mary Yoko Brannen, a visiting professor of management and strategy at France's Insead business school, who has advised companies like Cisco Systems Inc. on multicultural integration. International operations are often plagued by mistrust and frustration, she says. To build mutual understanding, she says employees must learn about different customs, and the reasons for the differences.

Closely held Teknovus, founded in 2002, designs semiconductors for fiber-optic communications networks. Executives targeted countries like Japan and South Korea because of their advanced telecommunications systems. Teknovus sells its chips to local telecom-equipment makers, and works closely with the local carriers that operate the networks.

Teknovus hired sales chiefs in Asia to peddle its wares. But contact between foreign customers and Teknovus engineers was often limited to solving problems or annual client visits to its Petaluma, Calif., headquarters.

When overseas customers requested new features, engineers sometimes resisted, says Thyagu Subramanian, a senior product manager who previously worked in software engineering. When Japanese clients sought detailed reports for technical glitches, U.S.-based engineers were puzzled and frustrated, he says.

Mr. Caltabiano -- an engineer who spent 14 years based in Japan and China, most recently as Asia general manager for telecommunications firm Comverse Network Systems -- was hired to lead Teknovus in late 2006, when the firm's board was looking for someone who could navigate different cultures, says Teknovus director and business-development head Julie Kunstler.

Mr. Caltabiano raised the status of the foreign offices, eliminating Teknovus's U.S.-based head of sales post and telling country chiefs to report directly to him. He assigned headquarters staffers to represent the interests of overseas offices, stand in for them at meetings and defend them to skeptical colleagues.

When engineers in Petaluma recently expressed frustration over repeated changes to technical specifications from Teknovus's Korean office, the Korean liaison explained that staffers were relaying requests from a big customer, says Ms. Kunstler.

"It's important to have an advocate here," says Mark Jiang, Teknovus's Shanghai-based general manager for China, during a recent visit to headquarters.

Mr. Caltabiano tried to reduce cross-border misunderstandings by urging Petaluma employees to phone, rather than email, overseas associates.

The overseas trips also improved cooperation. Last summer, a key software architect in Petaluma grumbled about requested software changes and related tests from a Chinese customer, says Mr. Jiang. The engineer better appreciated the need for the test after visiting China, he says.

Japan general manager Ryoji Takaichi says headquarters-based engineers now visit his office monthly to demonstrate new features and consult with clients. That's led Japanese customers to include Teknovus sooner in sensitive product-development plans, he says.

"Until now, I'd mostly felt like I was explaining" the local market to engineers in Petaluma, says Mr. Takaichi. "But now each person really experiences it for themselves."

Mr. Subramanian says he learned that Japanese customers want detailed reports on problems because they're often expected to explain such glitches to other companies. "It's not torture," he tells colleagues of the Japanese practice. "It's how they do it."