



# Virtual Conflict

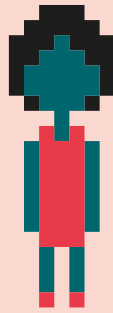


BARRIERS TO COLLABORATION  
IN GLOBAL TEAMS



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# About this Report

In November 2014, EF Education First conducted a survey of over 800 directors and managers working for international organizations employing over 1,000 people. There were 100 or more respondents from each of eight regions: Brazil, China, France, Germany, Middle East, Russia, UK and US. Drawing on the survey findings, in-depth interviews with experts, and desk research, this report aims to shed light on the challenges facing global virtual teams and how those challenges might be addressed.

## WHY IS EF LOOKING AT CONFLICT AND COLLABORATION IN VIRTUAL TEAMS?

EF works with thousands of global companies that all have specific skills gaps in communication. *Economist Intelligence Unit* research sponsored by EF shows that a lack of communication skills in the workforce is causing a drop-off in collaboration and innovation capabilities in global firms. This report aims to find the specific communication problems that virtual teams have when they collaborate across borders.

## DEFINITION

A University of Oregon report states the following: “Heneman and Greenberger (2002) define global virtual team as a virtual or geographically dispersed team, which is generally defined as groups of individuals working across space, time, cultural and/or organizational boundaries that interact primarily through some combination of electronic communication technologies in order to accomplish interdependent tasks guided by a common purpose. Generally, global virtual teams are teams whose members are located in two different countries<sup>1</sup>.”

1. Heneman, R., L., & Greenberger, D., B. (2002). Human resource management in virtual organizations



# Executive Summary

**F**or business teams in today's globalized world, language can be an enabler of – or a barrier to – effective communication. However, language differences can present even greater hurdles for team members who work together virtually, an increasingly common way for employees of international businesses to collaborate on company projects and goals.

Teams that work remotely from one another – across distances, different cultures and different time zones – face challenges that are considerably different from those faced by “traditional” teams. Such global virtual teams require different management strategies and different tools to communicate effectively and minimize the potential for negative conflict. At the same time, they must also keep the door open for productive differences of opinion that can fuel creative thinking and innovation.

Business leaders around the world, our survey found, agree that being able to speak a common language well is one of the most important factors that determine the success of a virtual team. However, several other elements are also critical: clearly spelled-out roles and responsibilities, full sharing of information, and regular meetings, preferably by video conferencing to provide a close approximation of face-to-face discussions.

With this report, EF hopes to shed some light on the key communication and conflict-causing challenges facing global virtual teams, and how they might be overcome.

Here are some of the key findings:

## POTENTIAL FOR CONFLICT

- 70% of respondents say working in global virtual teams can lead to communication conflict.
- Email is the tool most likely to cause misunderstanding in virtual teams.
- Anecdotally, from the interviews, two types of conflict appear. “Bad” conflict stems from cultural differences, ignorance, language barriers, or personal animosities. “Good” conflict arises from differences of opinion in how to achieve an outcome – or on what the outcome should be. Communication technology can encourage both kinds of conflict.
- Misunderstandings and conflicts can be averted by using video conferencing, but face-to-face meetings are still more effective.
- When it comes to generating and evaluating ideas, text-based electronic communication is best because it “disintermediates” seniority, gender, age, nationality, and other obstacles that get in the way of arriving at the best solution. This helps to avoid ineffective “brainstorm” sessions in which the loudest shouter wins.

## VIRTUAL TEAM CHALLENGES

- Only 9% of respondents feel they can communicate completely effectively with business associates, clients, and colleagues in other countries [FIG. 1]
- The top three barriers to achieving successful outcomes with virtual teams are:
  - an inability to speak a common language well enough to get the subtleties right,
  - time zone differences, and
  - a lack of cultural understanding.

## COMMUNICATION TECHNOLOGIES

- The cost of phone calls is likely pushing people to look for other ways to communicate, as cost is cited as a primary annoyance.
- Despite the vast range of communication technologies available to today's virtual teams, the top two choices are also the oldest: the telephone and email.

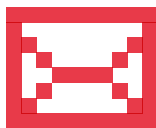
- Email has the potential to cause “information overload” and a lack of interaction, respondents say.

## SUCCESS STRATEGIES AND BENEFITS

- Having a deep understanding of cultural differences (for example, what motivates different groups) is more important than understanding etiquette (such as how to greet people). Appointing a cultural broker in virtual team settings can help overcome some of the problems that arise from deep cultural misunderstandings.
- Respondents say culturally diverse teams are more creative than mono-cultural teams.
- Organizations need to be clear about why they are putting together a global virtual team. Given the management challenges involved, this approach should not be undertaken lightly. Managed properly, however, such teams can achieve exceptional results.

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### TO HELP GLOBAL ORGANIZATIONS GET THE MOST OUT OF THEIR VIRTUAL TEAMS, WE RECOMMEND THAT THEY:



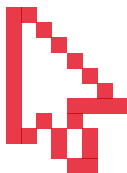
Help employees choose the right technology for communication



Clearly communicate roles and responsibilities



Ensure team members have a language in common



Provide ample technology support



Fine-tune strategies according to region and culture



Embrace “good” conflict and discourage “bad” conflict



Use “cultural brokers” to manage team discussions



# Introduction

**E**rin Meyer, Affiliate professor of Organizational Behavior at INSEAD, sees teams falling into two categories: co-located and confluent (C&C) and distant and diverse (D&D). For thousands of years, people have worked in C&C teams – that is, teams that are co-located (working in the same place) and culturally confluent (meaning team members are all from the same culture, which provides them with a similar view of the tasks they are working on). Over the past twenty years, a new type of team has emerged: one in which members are culturally diverse and working at a distance from one another.

Around half of all organizations use global virtual teams today<sup>2</sup>. Handled properly, global virtual teams can deliver significant benefits. Writing in the journal *Procedia*<sup>3</sup>, Metropolia University of Applied Sciences professor Carita Lilian Snellman described some of these. Virtual teams can help achieve business goals even when organizations have downsized or adopted lean workforce strategies. Such teams also help companies gain greater flexibility, draw on the top talent available anywhere in the world, and work on projects 24/7 across different geographies and time zones.

Yet our global survey of business executives for this study found that just 9% of respondents believe they can communicate 100% effectively with business associates,

clients, and colleagues in other countries. Many organizations still struggle with the fundamentals of how to manage virtual teams. There are many barriers that prevent the best outcomes. And there is often conflict among team members.

Given these findings, EF wanted to research where global virtual teams fail and succeed in collaboration, and why. Is it language? Cultural misunderstanding? Technology? Or something else?

## WHY USE VIRTUAL TEAMS?

In spite of the challenges, the benefits of virtual teams are compelling. The top five, according to the panel, are [FIG. 2]:

- Cost savings (53%)
- Efficiency/increased productivity (42%)
- Access to a wider range of skills and knowledge (42%)
- The ability to harness global talent (40%)
- Flexibility to bring new team members on board at short notice (39%)

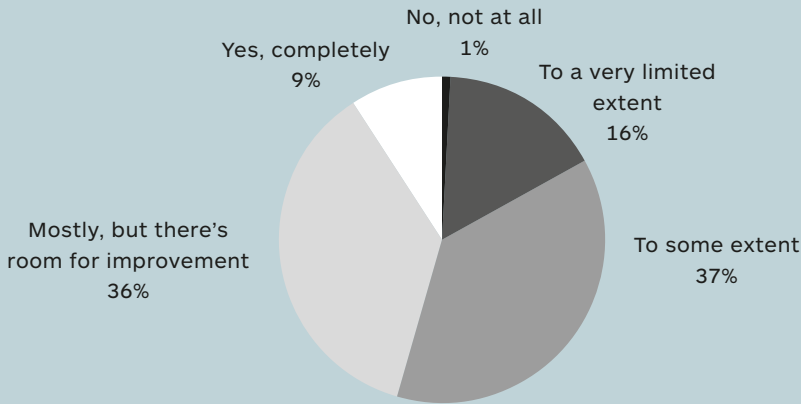
2. Survey results released July 13, 2012, by the Society for Human Resource Management (SHRM)

3. *Procedia* - Social and Behavioral Sciences, Volume 110, 24 January 2014



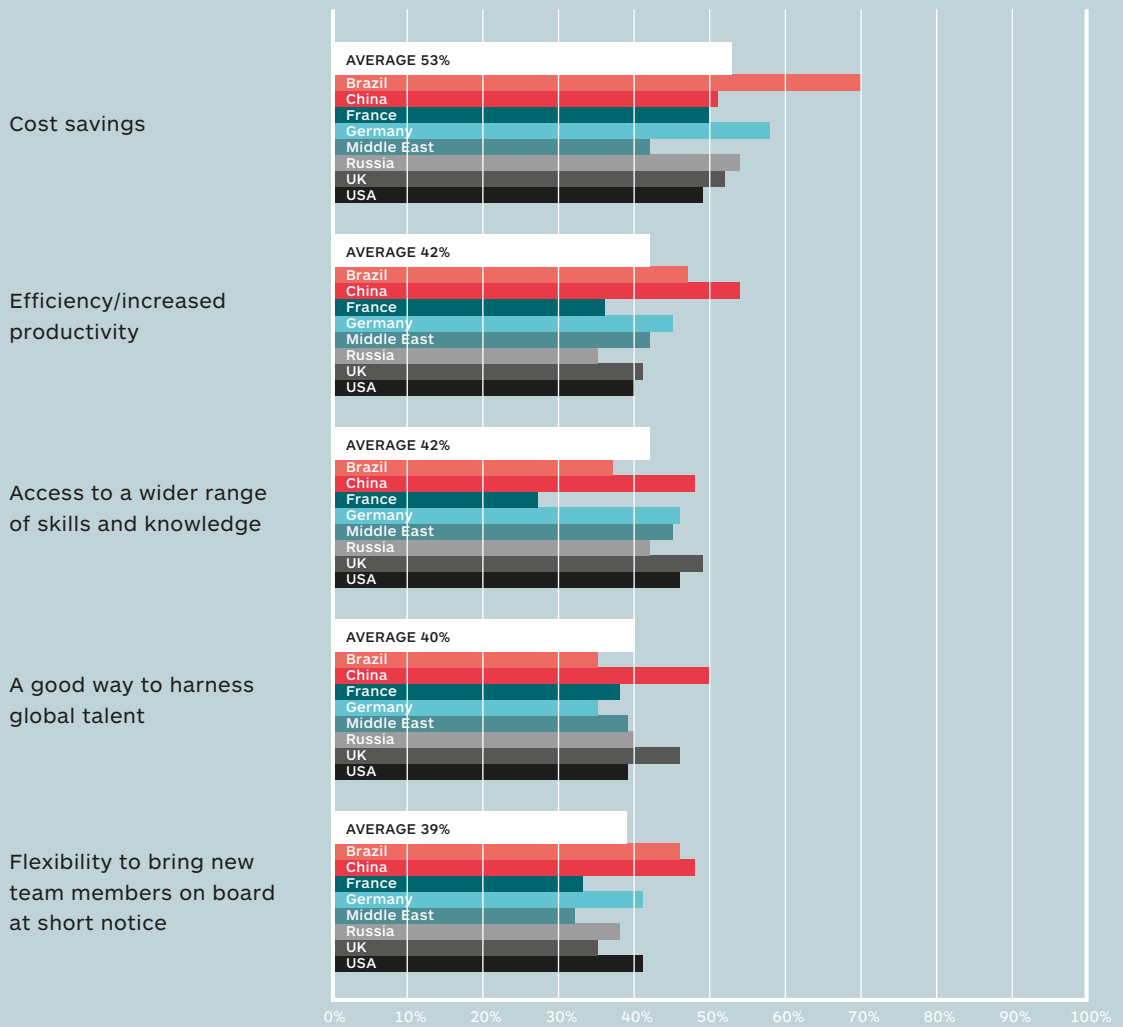
**FIGURE 1**

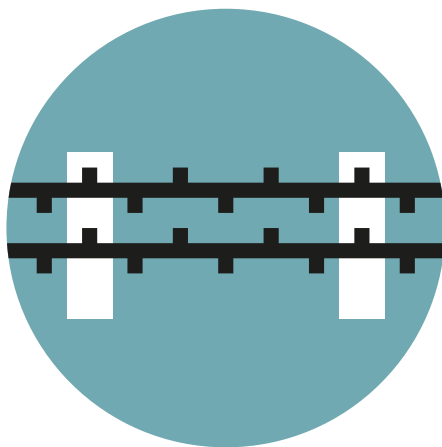
**“DO YOU FEEL YOU ARE ABLE TO COMMUNICATE WITH BUSINESS ASSOCIATES, CLIENTS AND COLLEAGUES WORKING IN OTHER COUNTRIES AS EFFECTIVELY AS YOU’D IDEALLY LIKE?”**



**FIGURE 2**

**“WHAT DO YOU THINK ARE THE MAIN ADVANTAGES OF USING VIRTUAL TEAMS?” [TOP 5]**





## The Barriers

**R**espondents said the top three barriers to successful working in virtual teams were [FIG. 3]:

- Inability to speak a common language well enough to get the subtleties right (38%)
- Time zone differences (37%)
- A lack of cultural understanding and etiquette (35%)

### LANGUAGE

In our research, 70% of firms say the following five issues lead to misunderstanding or conflict [FIG. 5]:

- Language barriers
- Lack of direct human contact/social isolation
- Time zone differences
- Cultural differences/misunderstandings
- Lack of trust

“Language is a big issue for us,” says Joseph Nazareth, group vice president at ISS, a Danish facility services company with half a million employees spread over more than 50 countries. As with most international companies, its official language is English.

“When we write anything, it’s in English,” says Nazareth. “But if we’re working in Germany, we need to speak German to talk to a client. You have to comply with the local requirements, so that’s a very important part of our business. We’re a global company, but locally run.”

According to survey respondents, language barriers are the main disadvantage of working on global virtual teams. It is hardly surprising, then, that respondents said

the second-most important strategy for maximizing success in virtual teams is, “Ensure everyone on the team can communicate in a common language”. (The top strategy: “Clarify roles and responsibilities”.) [FIG. 4]

“Language is a big problem for global collaboration. If people don’t have the ability to speak each other’s language, it prevents them working together and can cost a lot of time and money,” says Peggy Wegler, VP of Academics at EF.

“As important however, is that people pick the right medium to communicate through. There’s no point organizing a physical meeting for something unimportant that can be decided quickly for a few people. Equally – there are times when people need to see each other’s faces. For managers, it’s important that their teams get to see their faces regularly.”

Other contributors to success included providing strong technology support, selecting team members who are comfortable working with other cultures and in other languages, having a team leader with a good understanding of all the markets involved, and having clear and specific definitions of team roles and responsibilities.

### TIME ZONES

Of the top three barriers to success, operating in different time zones is the least tractable problem. For the two English-speaking countries in the sample—the US and UK—time zone differences are the main barrier to success.

Time zone differences topped the poll when we asked, “What prevents you from communicating

effectively with business associates overseas?” [FIG. 6]. They are also cited as one of the top three disadvantages of working in virtual teams [FIG. 5]. Respondents said differences in time zones hinder creativity because “time differences mean ideas cannot easily be developed through spontaneous collaboration” [FIG. 7].

“It’s not always possible to have a meeting with all regions at the same time,” says Nazareth. “We’ve got offices in Latin America and California, which are nine hours behind, and we’ve got offices in Australia which are 10 hours ahead. If you do need everybody around at the same table, you may end up having people staying up late at night and early in the morning to attend.”

One of the assumed benefits of working across several different time zones is the ability to have continuous productivity by handing over a piece of work at the end of the day to a team in a time zone that is just starting its day. The concept – first exploited by software development houses to speed up time-to-market – is called “follow-the-sun”.

Although some firms have successfully implemented a “follow-the-sun” model for customer service and help-desk queries, the concept doesn’t lend itself well to most virtual team projects. As such, time zone differences will probably remain an issue for most global virtual teams.

## CULTURE

The 20 years or so involved in the shift to virtual team working seems to be too little to have had an impact on cultural integration. More than one in three respondents (35%) say a lack of cultural understanding and etiquette hinders success in global virtual teams. Respondents in China named this as the biggest hindrance, ahead of language and time zone differences. Organizations that have a number of overseas joint ventures also cite a lack of cultural understanding and etiquette as the main barrier.

Of these two factors – cultural understanding and etiquette – etiquette is less important than people assume, according to Meyer. A lot of what passes for cultural training is a focus on superficial things like how to greet people. But people in Hong Kong, say, are not likely to be offended if a person from the West doesn’t accept their business cards with two hands. They understand it’s not part of their culture.

“Just very recently, there started to be more awareness that cultural differences – the important ones – are not about etiquette tips, they’re about how to motivate teams from different cultures,” says Meyer. “They’re about how to build trust differently, how to make decisions differently. All of these elements require that the effective global team leaders are really working

on building a competency set that they didn’t need when they were working in their own cultures.”

For example, French and American managers give feedback in very different ways. “Americans give so much more positive feedback than the French do, and that comes from our education systems,” says Meyer. “A French manager is more likely to give positive feedback implicitly. In France, no news is good news – if I didn’t tell you there’s something wrong, then you can assume that it’s going great.”

If these deeper cultural differences aren’t understood, it can be very destructive for the global virtual team.

Respondents in our survey said the top problems they have encountered that are related to cultural differences include the following [FIG. 8]:

- People misinterpreting what others want (47%)
- People feeling isolated or ignored (39%)
- People wanting to work at different speeds on the same project (38%)
- People feeling insulted when no insult was intended (35%)

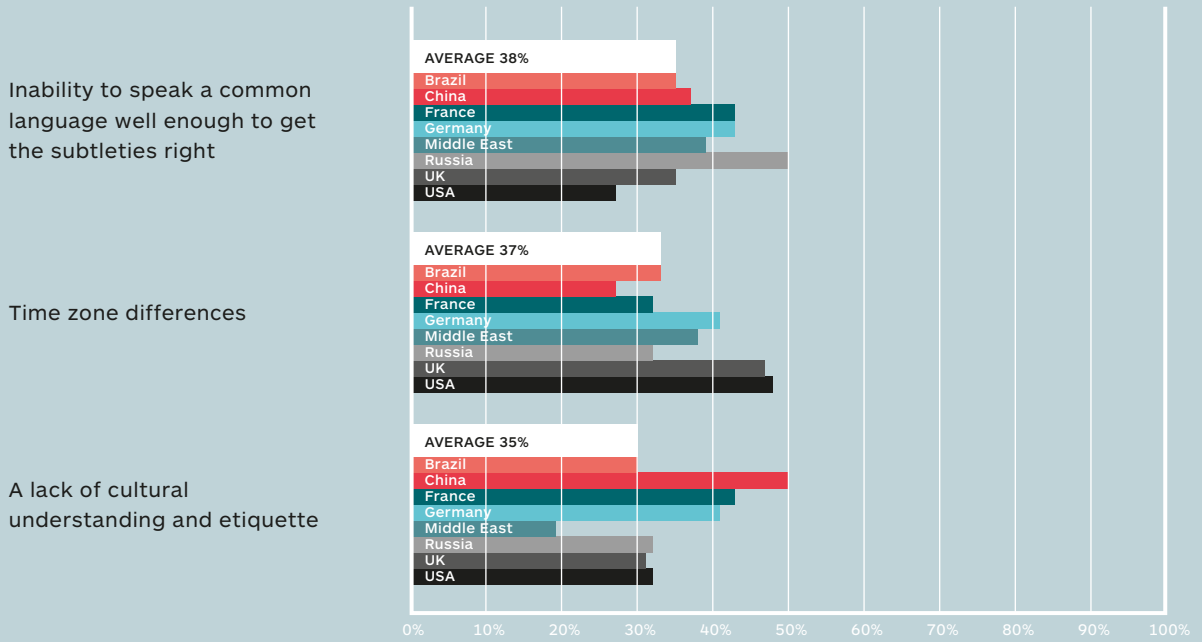
One way to minimize the problem of cultural misunderstandings is to appoint what Sujin Jang of INSEAD calls a “cultural broker”. “The cultural broker can help the group either work around or work through cultural issues,” says Jang, an Assistant Professor of organizational behavior. “If there is conflict or misunderstanding between team members from different cultural backgrounds, the broker could help these members work around the conflict by engaging in a sort of shuttle diplomacy – going back and forth and acting as the liaison. Or they could help the members work through the conflict by enhancing their understanding of each other’s cultures.”

When there are language difficulties, cultural brokers can work around a communication issue by translating on a team member’s behalf. Alternatively, the broker could help work through the issue by guiding the team member to communicate more effectively.

Jang’s research on multicultural teams shows that teams that have cultural brokers tend to have enhanced performance compared with those that don’t. Her research also shows that cultural brokers don’t have to know a lot about specific cultures in order to engage in cultural brokerage. She believes that many teams have informal (self-appointed) cultural brokers.

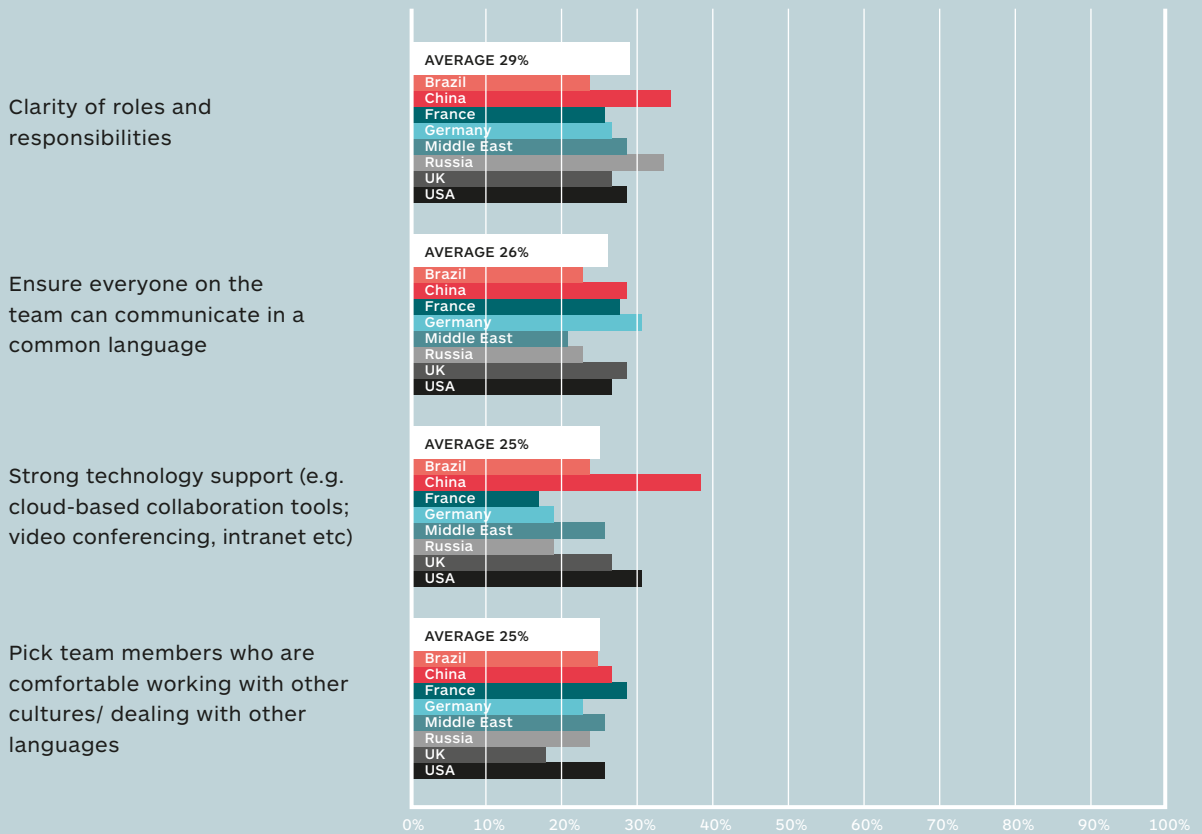
**FIGURE 3**

**“WHEN TRYING TO ACHIEVE A PROJECT OUTCOME WITH A VIRTUAL TEAM WHAT WOULD YOU SAY ARE THE BIGGEST BARRIERS TO SUCCESS?” [TOP 3]**

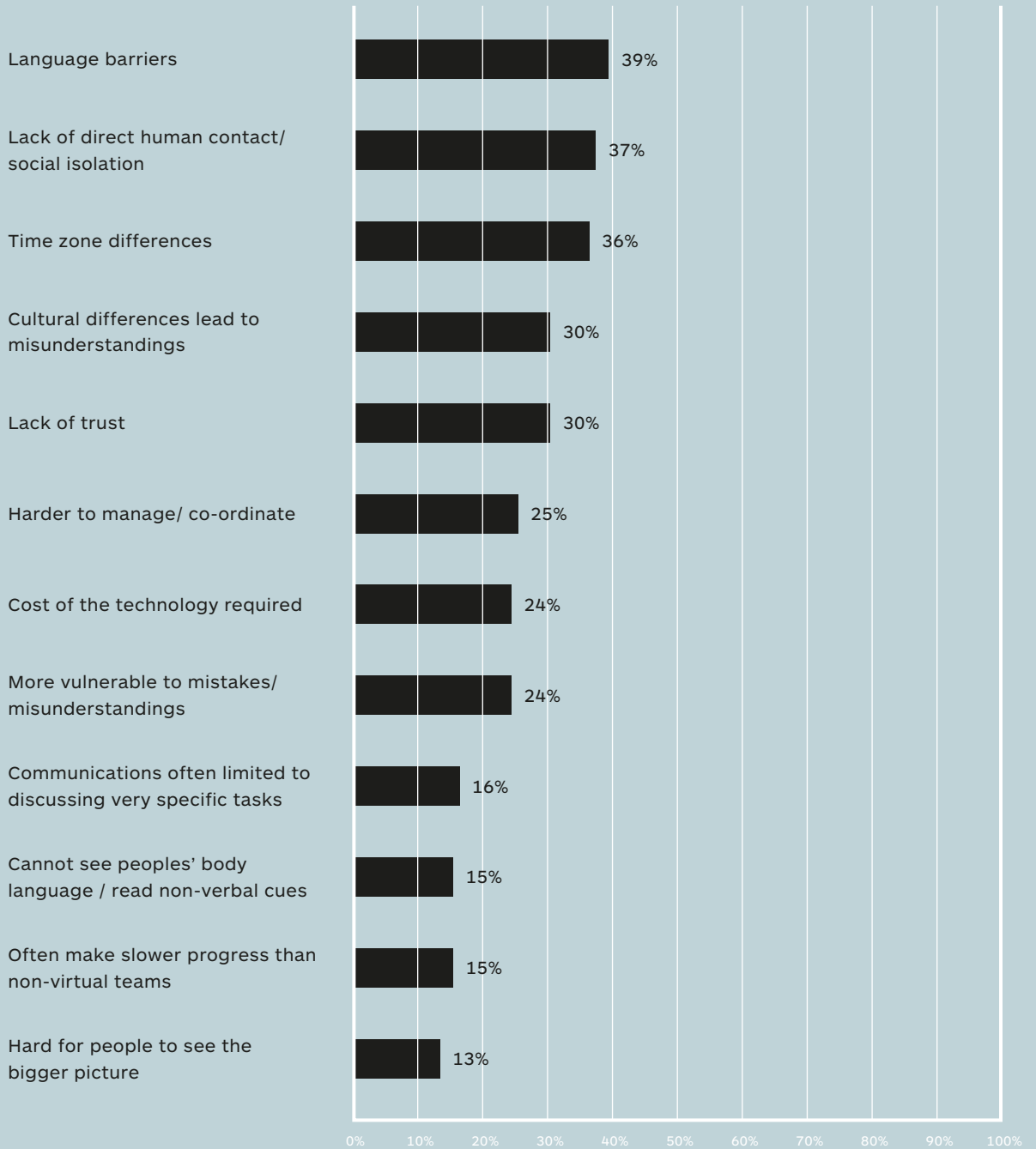


**FIGURE 4**

**“WHAT MEASURES DO YOU THINK CAN BE TAKEN TO MAXIMIZE THE SUCCESS OF VIRTUAL TEAMS?” [TOP 4]**

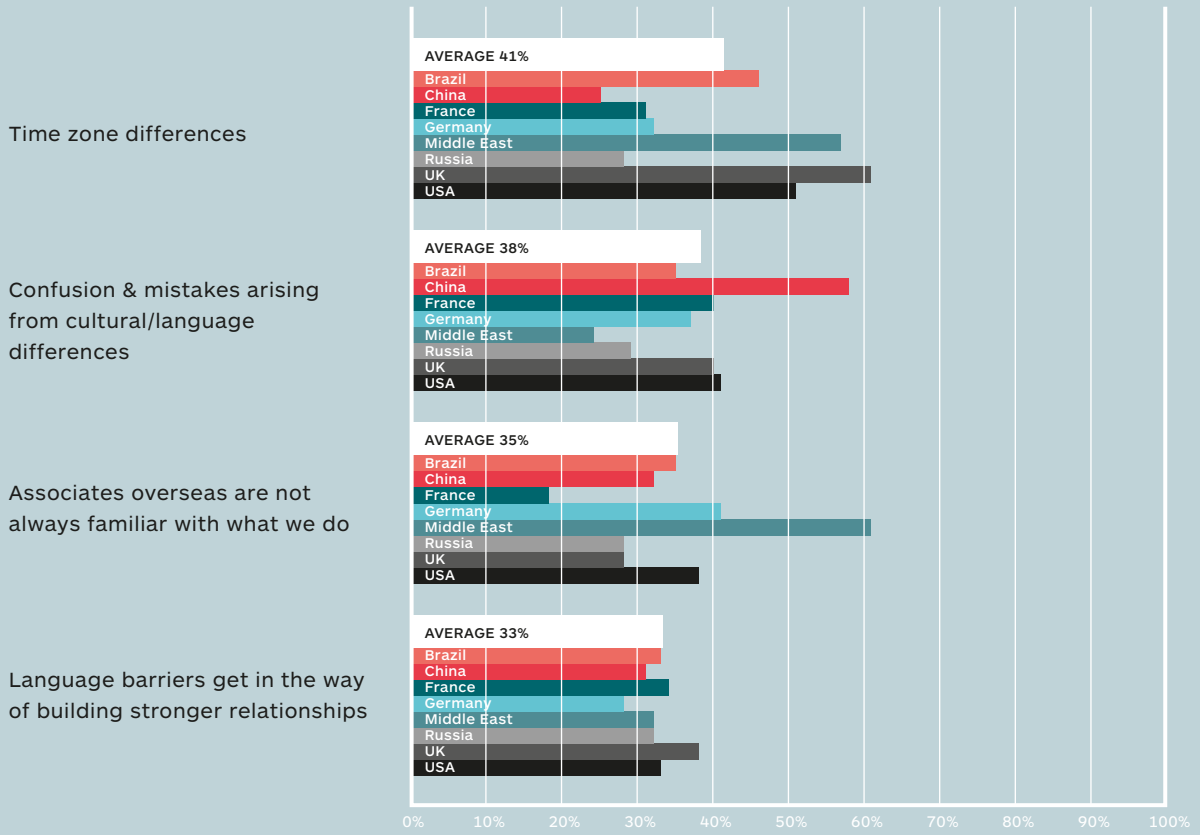


**FIGURE 5**  
**“WHAT DO YOU THINK ARE THE MAIN DISADVANTAGES OF WORKING IN VIRTUAL TEAMS?”**



**FIGURE 6**

**“WHAT PREVENTS YOU FROM COMMUNICATING EFFECTIVELY WITH BUSINESS ASSOCIATES OVERSEAS?” [TOP 4]**



**FIGURE 7**

**“WHAT FACTORS INHIBIT CREATIVITY IN GLOBAL VIRTUAL TEAMS?” [TOP 4]**

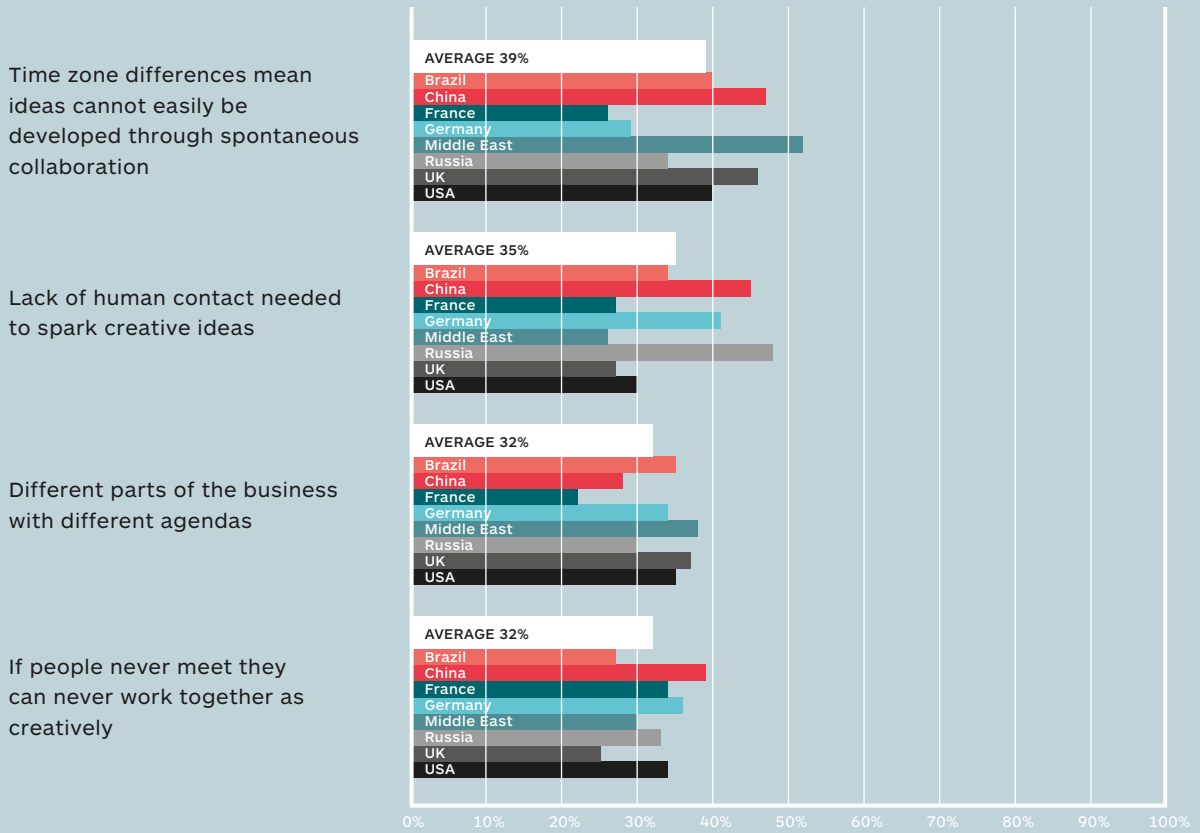
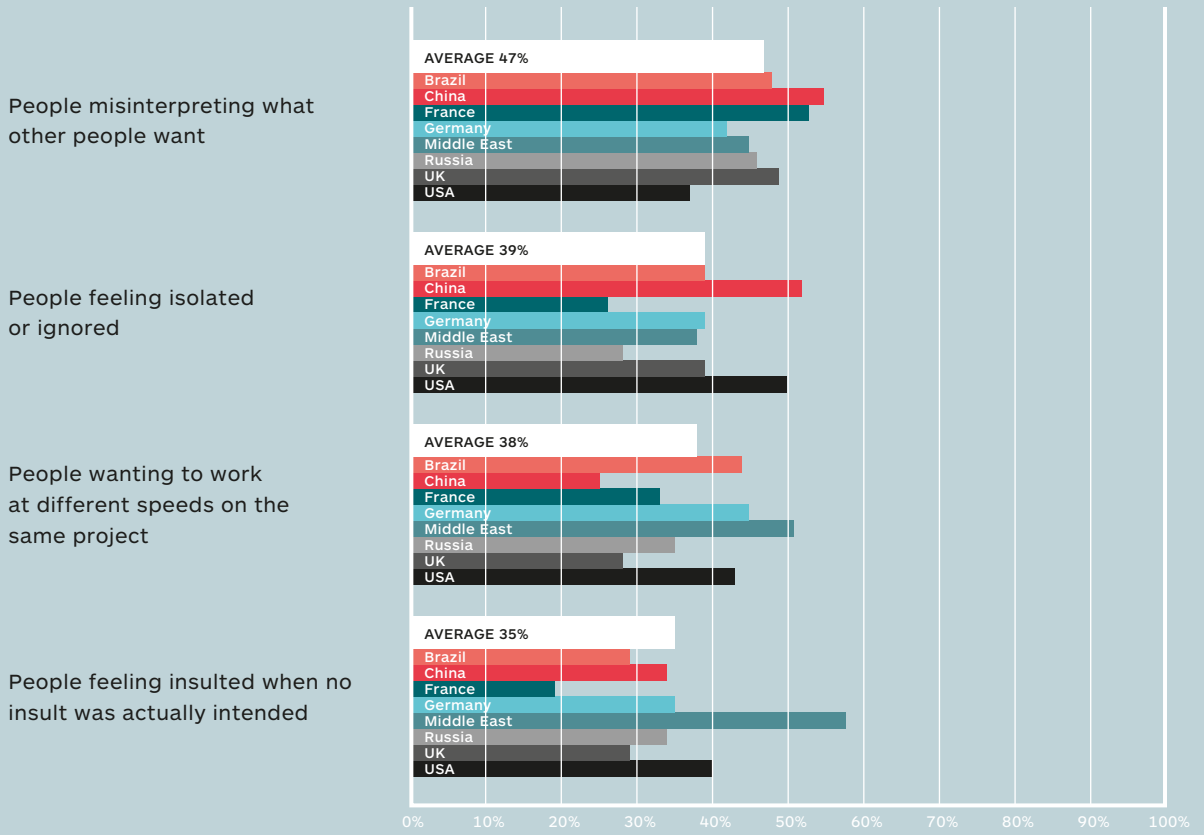
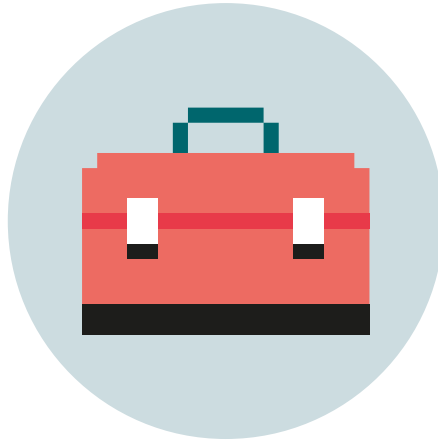


FIGURE 8

“WHAT KIND OF PROBLEMS HAVE YOU ENCOUNTERED THAT SPECIFICALLY RELATE TO CULTURAL DIFFERENCES AND/OR DIFFERENCES IN ACCEPTED BUSINESS ETIQUETTE?” [TOP 4]





# Tools of the virtual collaborator

**E**lectronic communication has a crucial drawback, which is the increased potential for misunderstandings among team members. And misunderstandings – if not dealt with correctly – have the potential to lead to disputes.

Our survey reveals that, despite the wide variety of communication tools available to today's virtual teams, the top two choices remain email (used by 87% of respondents) and telephone (used by 71%) [FIG. 9].

With a few exceptions, these findings are fairly consistent across regions. The exceptions are Brazil, where video conferencing and Skype are used more frequently than telephone calls or teleconferences; the Middle East, where Skype is used more frequently than telephone calls (78% use Skype, as opposed to 56% who use telephone calls); and Russia, where face-to-face meetings are more common than telephone calls and teleconferences.

Clarity may be the reason for choosing these tools. Executives in Brazil and the Middle East are more likely than average to say that Skype provides clarity in decision-making, planning, and management of global virtual teams. And Russian executives are more likely than average to say that face-to-face meetings provide clarity.

One puzzle that remains is why Skype is so popular in the Middle East, given that many Middle Eastern internet service providers – including those in the commercial hubs of UAE, Oman and Kuwait – block access to it<sup>4</sup>.

## EMAIL

According to survey respondents, face-to-face communication is costly, slow, time consuming, and bureaucratic, but it is still the best way to resolve a conflict between remote team members. Research has shown that trying to resolve conflicts over email risks escalating the argument to unresolvable levels and damaging relationships between parties<sup>5</sup>.

Although there are regional variations in telephone usage among virtual teams, email steadfastly remains the main communication tool across all regions, industry sectors and organization sizes. This reflects email's popularity as a business communication tool. Radicati Group, a US-based analyst firm, says email is the dominant form of communication in business, accounting for 100 billion emails sent and received each day<sup>6</sup>.

4. [http://provpnaccounts.com/List\\_of\\_countries\\_which\\_block\\_website\\_content\\_VOIP\\_Skype\\_including\\_countries\\_China\\_UAE\\_Oman\\_Syria\\_Turkey\\_Malaysia\\_and\\_the\\_continents\\_of\\_Asia\\_Caribbean\\_Africa\\_North\\_America\\_Europe\\_and\\_the\\_Middle\\_East-124-articles](http://provpnaccounts.com/List_of_countries_which_block_website_content_VOIP_Skype_including_countries_China_UAE_Oman_Syria_Turkey_Malaysia_and_the_continents_of_Asia_Caribbean_Africa_North_America_Europe_and_the_Middle_East-124-articles)

5. Friedman, Ray and Currall, Steven C., E-Mail Escalation: Dispute Exacerbating Elements of Electronic Communication. IACM 15th Annual Conference. Available at SSRN: <http://ssrn.com/abstract=304966> or <http://dx.doi.org/10.2139/ssrn.304966>

6. <http://www.radicati.com/wp/wp-content/uploads/2013/04/Email-Statistics-Report-2013-2017-Executive-Summary.pdf>



By 2017, the group predicts, business email will account for over 132 billion messages sent and received each day.

Despite email's popularity, respondents seem to have a love-hate relationship with it. When asked, "Which communication technology has the potential to cause the most confusion and misunderstanding when running a project in a virtual team?", the majority (49%) said "email" [FIG. 9]. Only respondents in the Middle East thought that texting is more likely than email to cause confusion and misunderstanding.

Respondents also complained that email has the potential to cause "information overload" and a lack of interaction.

#### **SO WHAT IS EMAIL'S ENDURING APPEAL?**

- It's a good way to keep a record of what was communicated
- It's inexpensive
- Everyone is familiar with it

Respondents like to use email for the following types of communication [FIG. 10]:

- Feedback from suppliers/partners
- Internal communication with colleagues
- Initial contact with a client

Independent research by the IT services firm Atos found the average employee spends 40% of her working week dealing with internal emails which add no value to the business. As a result of its own research, Atos now places heavy restrictions on internal email use, and is considering a complete ban on internal email<sup>7</sup>.

Email is also falling from favor among young people who see it as an "old-fashioned" communication medium<sup>8</sup>. Email may, eventually, be knocked from its top spot among virtual team communication tools, but it is unlikely to disappear altogether.

"Commercially, email has many competitors, including Skype, WhatsApp, and internal social networks, like the new Facebook product, Facebook at Work," says Matt Rogers, co-founder of Aroxo, a UK-based internet company and a heavy user of virtual teams. "But email fills a specific niche of long-form, persistent, and organizable asynchronous communication which the other mediums don't meet.

"You can't 'file' a WhatsApp message in a folder, Skype needs two parties to be online at the same time, and social networks don't encourage you to see all content. They fill different communication niches from email. Until the need goes, email is here to stay."

Communicating via email gives people a chance to consider (and translate) what is being said, ask for clarification (if needed), and carefully word a reply. Synchronous communication, whether video- or text-based, requires an immediate response, which can be more stressful and lead to more conflict.

#### **FACE-TO-FACE**

Nearly half of respondents (46%) said they still physically meet and use face-to-face communication in their global virtual teams. China and Russia, in particular, are more likely than average to use face-to-face meetings (55% and 68%, respectively).

#### **WHY IS FACE-TO-FACE COMMUNICATION SO IMPORTANT?**

"A cascade of hormones and neurotransmitters are released during face-to-face contact that reduces stress, increases mutual trust and social cohesion, and improves learning and memory," says Susan Pinker, a psychologist and author of *The Village Effect*, a book about the importance of face-to-face communication. "For example, oxytocin is secreted into the bloodstream when people make real eye contact, as well as after a simple gesture such as a handshake, a back

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"COMMUNICATING VIA EMAIL GIVES PEOPLE A CHANCE TO  
CONSIDER (AND TRANSLATE) WHAT IS BEING SAID, ASK FOR  
CLARIFICATION, AND CAREFULLY WORD A REPLY"

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7. <http://www.bbc.co.uk/news/technology-31531877>

8. <http://www.abc2news.com/business/technology/email-is-now-considered-old-fashioned-technology>

pat, a high five, or a fist bump. This oxytocin increases performance and cohesion among team members.”

When people meet, they often unconsciously mimic one another’s body language and “expressive verbal language”. In other words, they match the person they’re talking to in volume, tone, and pauses. “This mimicry is strongly linked to greater success in negotiations and increases in productivity,” says Pinker. “Boosts of 20 to 30 percent have been noted when there is an opportunity for face-to-face contact, especially among weaker-performing teams.”

## VIDEO CONFERENCING

While electronic communication technologies like email, text messaging, and IM block out visual and auditory cues, others, such as video conferencing, provide a near simulacrum of meeting in person. Only 18% of respondents believe that video conferencing has the potential to cause misunderstanding, but they still put the risk of misunderstanding here higher than in face-to-face communication. (Only 9% believe face-to-face communication leads to misunderstanding.)

A recent study by the American neuroscientist Elizabeth Redcay found that video communication is not the same as face-to-face communication. Redcay found that certain brain regions in test subjects become activated only when the person they are interacting with is physically in the room. In those cases, there is greater blood flow to brain areas associated with social attention and perception, social cognition, and reward.

“Being there in the room, to discuss or negotiate in person, should be the goal, especially when the stakes are high,” says Pinker.

Of course, that’s not always possible. Arranging face-to-face meetings may be too costly or not possible under existing time constraints. In such cases, video conferencing is a good substitute. However, Pinker warns, there is a cost to using video conferencing. “Sometimes subtle signals are lost,” she says. “There is no real eye contact, no non-verbal communication of mutual trust, and true synchrony is impossible. So it’s a question of evaluating trade-offs.”

## THE IMPACT OF NEW TECHNOLOGIES

Besides face-to-face, videoconferencing, email and telephone, the modern global team has a wide range of lesser communications tools at its disposal. While some, such as text messages and paper documents, have been around for long, many are network-based platforms whose contribution to the corporate communications ecosystem has yet to be fully established.

Nevertheless, our survey results provide a degree of insight into the utility of these tools [FIG. 9]. Skype, for example, is not only used widely (by 54% of those surveyed), but appears to be positive overall in terms of its contribution to clear communications. The case is less clear-cut for other digital media, however.

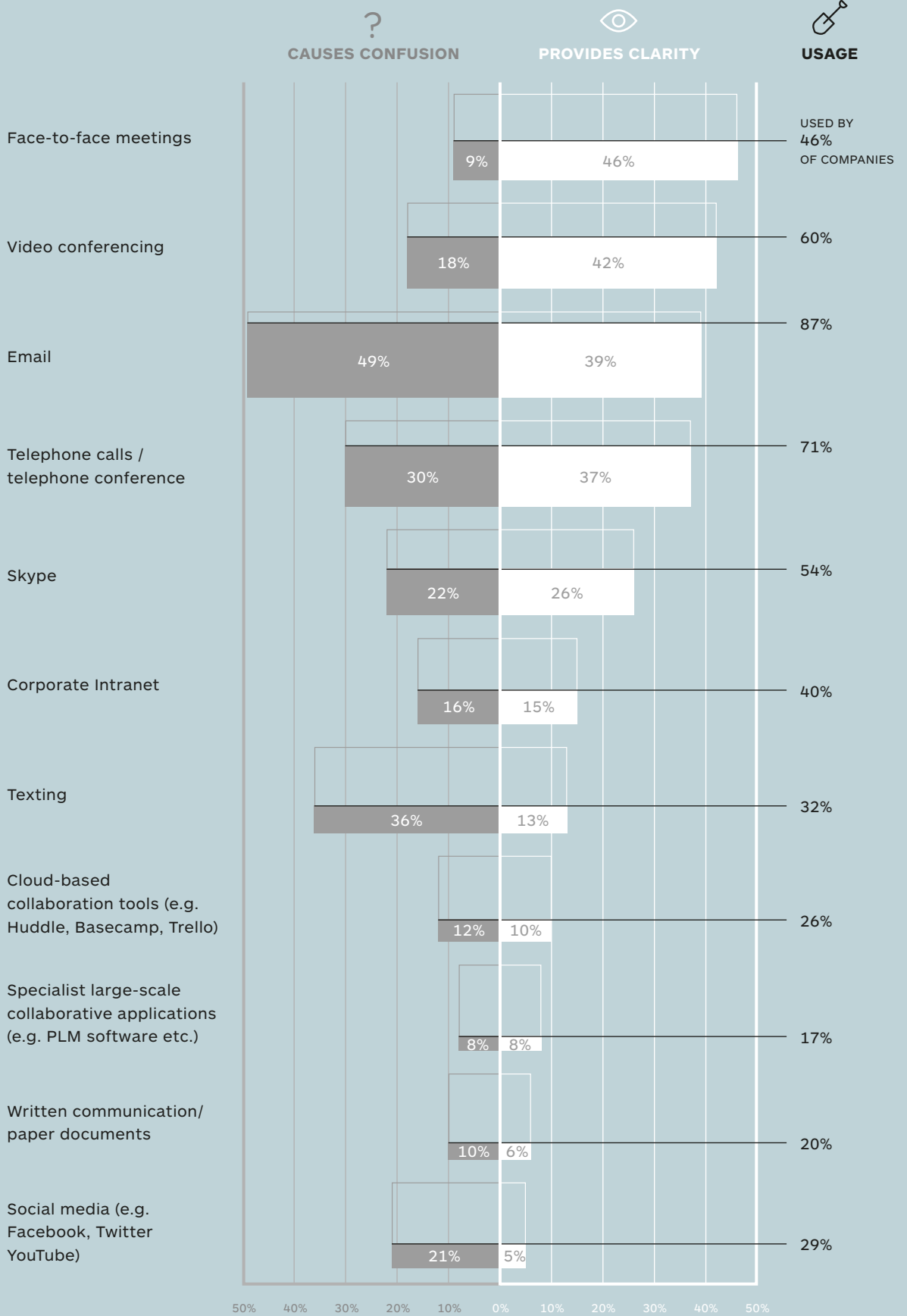
Thus, corporate intranets, cloud-based collaboration tools and specialist large-scale collaborative applications can lead to confusion as much as clarity among teams. Mainstream social media platforms such as Facebook or Twitter, meanwhile, have a clearly net negative impact on the clarity of communications, proportionally worse even than texting.

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“[IN VIDEO CONFERENCING] SUBTLE SIGNALS ARE LOST. THERE IS NO REAL EYE CONTACT, NO NON-VERBAL COMMUNICATION OF MUTUAL TRUST, AND TRUE SYNCHRONY IS IMPOSSIBLE.”

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**FIGURE 9**  
**COMMUNICATION TECHNOLOGIES USED WITHIN GLOBAL TEAMS: WHICH PROVIDE CLARITY AND WHICH CAUSE CONFUSION? WHICH ARE USED THE MOST?**



**FIGURE 10**

**“WHICH OF THE FOLLOWING COMMUNICATIONS METHODS DO YOU THINK IS MOST APPROPRIATE IN EACH OF THE FOLLOWING SITUATIONS?”**

**EMAIL**

- Feedback from suppliers/partners
- Internal communication with colleagues
- Making initial contact with a client
- Praising a colleague
- International communication with suppliers
- International communication with colleagues
- Negotiating with suppliers
- Complaining to a supplier
- Criticizing a colleague

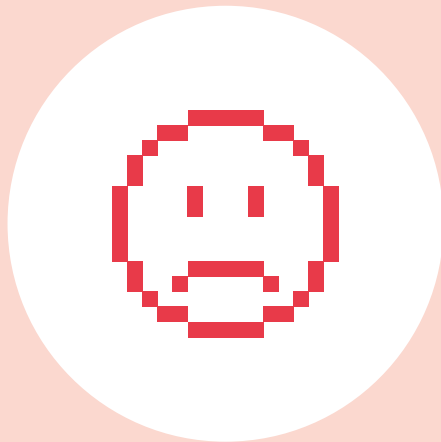
**FACE-TO-FACE MEETINGS**

- Negotiating with suppliers
- Praising a colleague
- Making initial contact with a client
- Internal communication with colleagues
- Complaining to a supplier
- International communication with suppliers
- Feedback from suppliers/partners
- Criticizing a colleague
- International communication with colleagues

**VIDEO CONFERENCING/SKYPE**

- International communication with suppliers
- Negotiating with suppliers
- International communication with colleagues
- Internal communication with colleagues
- Praising a colleague
- Feedback from suppliers/partners
- Complaining to a supplier
- Making initial contact with a client
- Criticizing a colleague





# Communication breakdowns: when international teamwork goes wrong

## THE DREAMLINER DISPUTE

When Boeing unveiled plans for its 787 Dreamliner the project looked like a sure-fire hit. Features such as leading fuel efficiency and low noise helped Boeing notch up a record 677 orders by rollout. But poor team communications helped turn the Dreamliner into a nightmare.

In an effort to save costs, Boeing had outsourced an unprecedented 70% of the work to third parties. At the same time, the company opted for a hands-off approach to managing major sub-assemblies, instead assigning Tier 1 suppliers to coordinate the work.

Boeing also introduced a web-based communications tool, Exostar, in place of face-to-face and on-site

communications. But according to Forbes: “Suppliers did not input accurate and timely information, in part due to cultural differences and lack of trust.”

As a result of this and other challenges, the Dreamliner suffered massive delays, entering commercial service more than three years behind schedule.

The bleeding-edge innovation it boasted also became a problem when on-board batteries caught fire and led to the entire fleet being grounded.

Most worryingly of all, though, Boeing racked up massive costs, including having to buy out one of its suppliers in order to get production back on track.

According to published sources, Boeing was losing \$30 million on each 787 sold at the beginning of 2015, and is only likely to break even after selling 1,100 aircraft.

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“SUPPLIERS DID NOT INPUT ACCURATE AND TIMELY  
INFORMATION, IN PART DUE TO CULTURAL DIFFERENCES  
AND LACK OF TRUST.”

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## CHUNNEL COMPLICATIONS

In 1994 the American Society of Civil Engineers named it a modern wonder. But other reviews of the Channel Tunnel (or ‘Chunnel’) have been less kind, with one study claiming the UK would be better off without it. And communications between teams was part of the problem.

So much so, in fact, that the Project Management Institute (PMI) now uses the Channel Tunnel as a case study of what can go wrong in large projects.

“This project involved 700,000 shareholders, 220 international lending banks, British and French governments, many construction companies and many suppliers,” notes the PMI.

The disparity in communication styles between the English and French sides of the project was evident even in the designation of each team’s tunneling machines, with alphanumeric names being used in the UK and women’s names in France.

Against this backdrop, says the PMI: “The communication seemed to break down, as issues were not resolved in a timely manner, resulting in significant cost and time variances.”

These ‘cost and time variances’ amounted to a 20% project delay (taking six years instead of five) and an 80% budget overrun (from £2.6 billion to £4.6 billion).

Communication was not the only factor to blame: the project also suffered from changing specifications and overly optimistic price forecasting.

But it is clear a greater emphasis on clear, direct communications could have significantly improved the chances of success... as indeed it would in any team-working situation.

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THE PROJECT MANAGEMENT INSTITUTE  
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## Good conflict and bad conflict

**C**onflict must not be underrated. “Harmony” within teams does not always lead to the best outcomes. Far more important are being creative, evaluating solutions without bias, and making robust decisions.

There are all sorts of biases when teams are in the same room. “Often, teams don’t come to optimal solutions because of a dominant person, or because the team has a bias related to, say, gender or nationality,” says Adam Kingl, Director of Learning Solutions for Executive Education at London Business School. “For example, there are some studies that show that people are less likely to be convinced about an opinion or a solution if the person who’s issuing that opinion or solution has an accent that’s unfamiliar or hard to understand.”

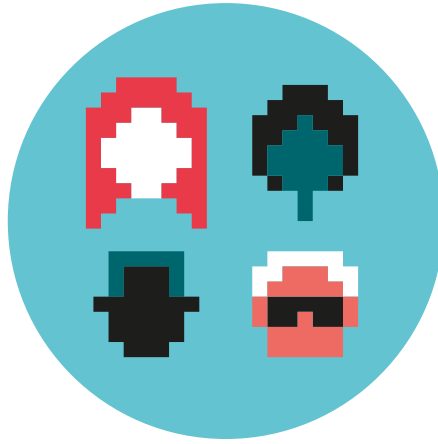
Asynchronous, text-based communication, such as email and discussion boards, can be more effective than face-to-face communication when it comes to proposing and evaluating ideas, according to Kingl. Asynchronous communication tools tend to “disintermediate” hierarchy, gender, race, class, and other things that get in the way of achieving the best outcome. They also give introverted team members a safe environment in which to contribute.

“All of these biases, where teams get to sub-optimal solutions because of dominance or dysfunctional dynamics, are either mitigated [by asynchronous technology] or wholly removed, and then the ideas are considered on their own merit,” says Kingl. “Often, teams try to agree in order to get along rather than to get to the right solution.”

In other words, there are situations when certain types of electronic communication technologies enable constructive, or “good”, conflict rather than “bad” conflict.

For example, people are more likely to challenge or push back on an idea being evaluated on a discussion board. The validity of the idea is able to take precedence over personality. “That doesn’t mean that people don’t have an obligation to be professional and look after one another,” says Kingl. “But, in some cultures, like Japan, it’s very difficult to push back or challenge. If people have more time to consider their response, and to put it in the right way, then at least their voice is heard, whereas, face-to-face, often the person won’t contribute at all.”

Kingl doesn’t prescribe asynchronous, text-based communication for all occasions. When dealing with complex issues that require “subtle discussion”, face-to-face communication is better, he says. “However, if you’re in brainstorming mode or initial problem-solving mode, or even responding to an idea or a paper that’s already been assembled, then I think virtual communication can actually be more effective.”



## Creativity from diversity

**A** number of studies have shown that culturally diverse groups are more innovative than culturally similar groups<sup>9</sup>. A global virtual team is a great way to tap into creativity and innovation.

In our survey, respondents highlighted several strategies to maximize the creativity of such teams [FIG. 11]:

- Have regular video conferences (40%)
- Ensure everyone can share all information relevant to the project (37%)
- Provide everyone with full visibility of all information (36%)
- Promote a company culture of sharing ideas (33%)
- Clearly define and allocate tasks (31%)

“Different people in different parts of world are trained to think differently,” says Meyer of INSEAD. “If you have that kind of cognitive diversity that comes from cultural diversity, it means that you really can be a lot more innovative.”

It’s not just that different people think differently. Studies show that people in diverse teams expect that reaching a consensus will take effort, so they tend to prepare better, listen to others more attentively, and anticipate alternative viewpoints.

Diversity doesn’t have to be only cultural; it could also mean diversity in ages, business functions, seniority, ethnicity, or gender.

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“PEOPLE IN DIVERSE TEAMS EXPECT THAT REACHING A CONSENSUS WILL TAKE EFFORT, SO THEY TEND TO PREPARE BETTER”

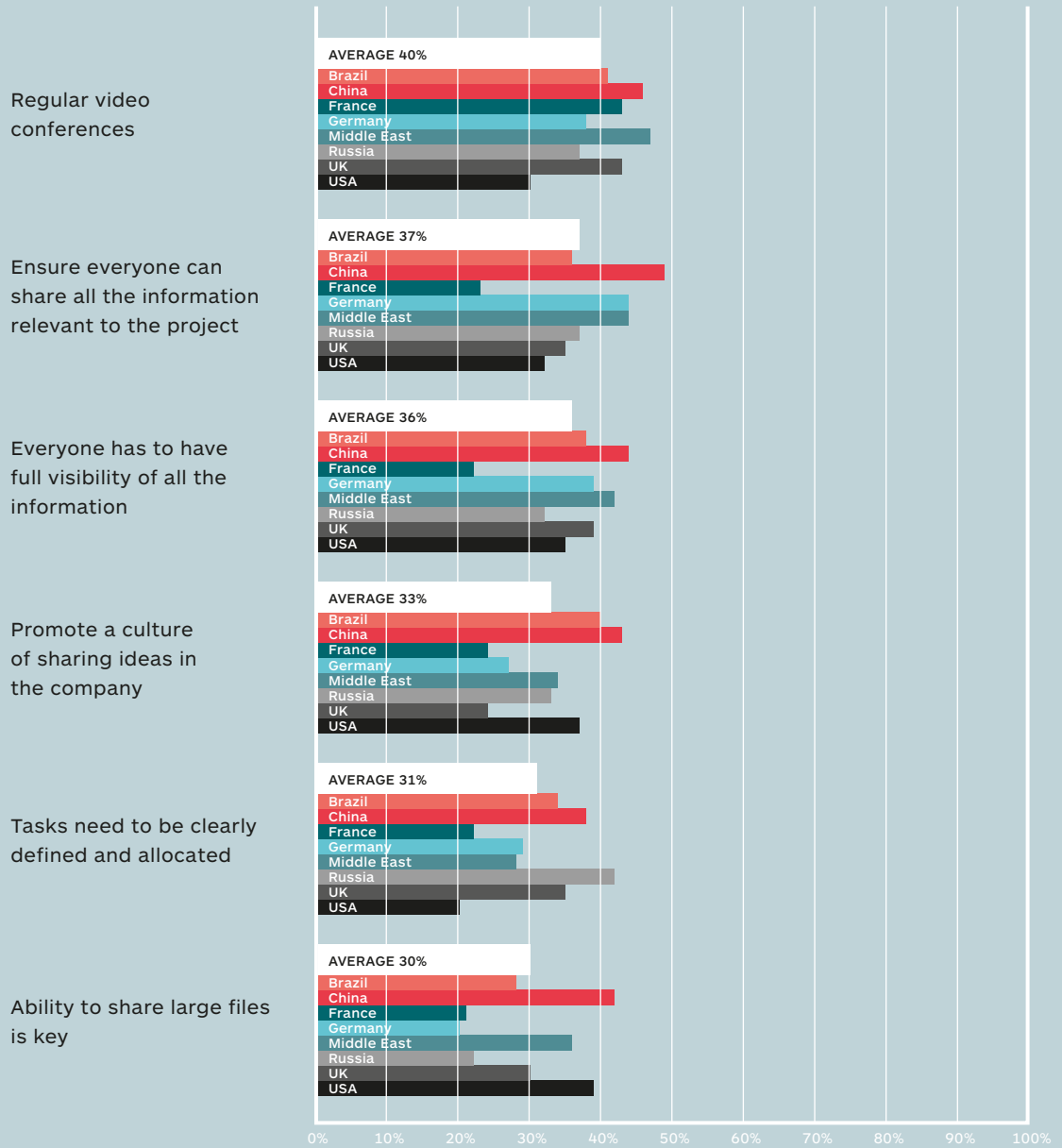
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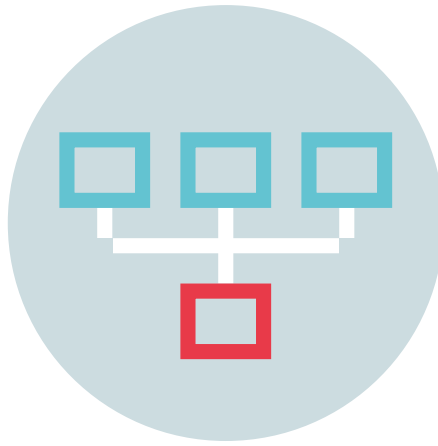
9. <http://www.scientificamerican.com/article/how-diversity-makes-us-smarter>



FIGURE 11

“WHAT THINGS DO YOU THINK CAN BE DONE TO MAXIMIZE THE CREATIVITY OF GLOBAL VIRTUAL TEAMS? ”





## Management overhead

**A**lthough 53% of respondents name “cost savings” as the main benefit of global virtual teams [FIG. 2], dispersed teams are usually more expensive than co-located teams because they have a larger management overhead. “When we come from different cultures and are working in different places, it’s a lot harder to get on the same page,” says Meyer. “It means that there’s a lot more inefficiency, so you need to spend more time up-front figuring out how the team is going to work together.”

Teams that are co-located have the benefit of what Meyer calls “mutual adjustment”. “Mutual adjustment means you notice how others are working around you, they notice how you are working, and, through hundreds of subtle cues, you adjust to one another,” says Meyer. “When people are dispersed, they don’t have the same visual cues, so mutual adjustment breaks down and collaboration becomes more difficult.”

To compensate for the lack of mutual adjustment, virtual teams need more centralized control, so the team leader needs to be much more involved in coordinating the work of members. The team also needs to be much more formalized. So goals, roles, individual responsibilities, and deadlines must be carefully thought out, documented, and communicated. Teams also need to be more formal about communication. How often will they “meet”? What communication tools will they use? For asynchronous communication, what are the time limits for replying to messages? Who should be cc’d on emails?

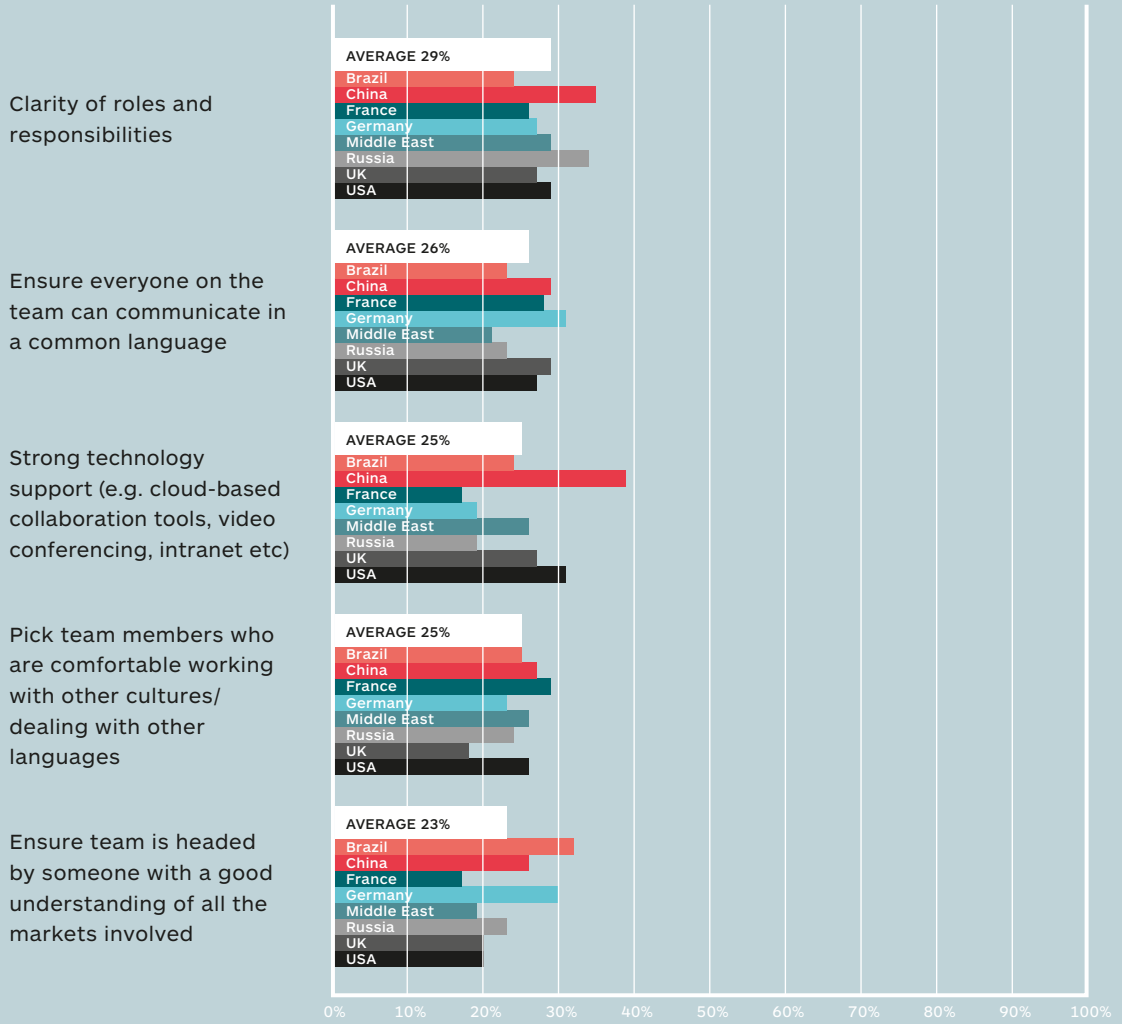
“They need to map everything out and they have to come back to that map again and again,” says Meyer.

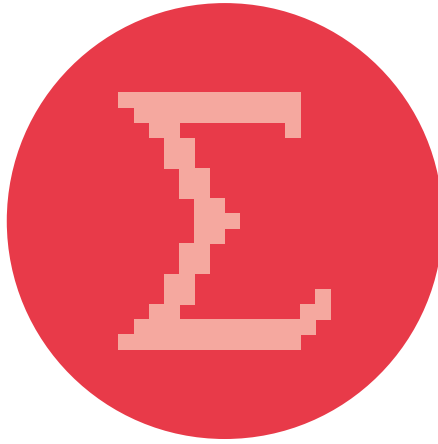
When asked how to maximize the success of virtual teams, respondents identified the following strategies [FIG. 12]:

- Clarify roles and responsibilities (29%)
- Ensure everyone on the team can communicate in a common language (26%)
- Provide strong technology support (25%)
- Pick team members who are comfortable working with other cultures/dealing with other languages (25%)
- Ensure the team is headed by someone with a good understanding of all the markets involved (23%)

FIGURE 12

**“WHAT MEASURES DO YOU THINK CAN BE TAKEN TO MAXIMIZE THE SUCCESS OF VIRTUAL TEAMS?”**





## Conclusion

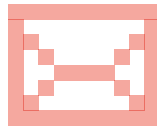
Of the top three perceived benefits of working in virtual teams – cost savings, efficiency/increased productivity, and access to a wider range of skills and knowledge – the first two are doubtful. Cost savings from labor arbitrage is receding as wage inflation takes hold in developing economies. Virtual teams also tend to be not as efficient as co-located teams, as they require closer management.

That's not to say that global virtual teams should be avoided. As the latest academic research shows, diverse teams are more creative teams. And with innovation cycles becoming ever shorter, organizations that learn to exploit “cognitive diversity” are the ones that are going to come out on top.

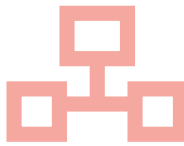
However, bringing people from diverse cultures together is not without its challenges. As Meyer notes, we have been working with people who are culturally similar to ourselves for thousands of years. It is only in the past two decades that we have found ourselves working with people who are both geographically dispersed and culturally diverse. The education system has not caught up with this trend, so young people enter the workplace with little understanding of how to work with people from different cultures. Many of the “old hands”, on the other hand, think culture is about knowing how low to bow, or how to hand over a business card.

Based on the findings from our survey, we make the following recommendations for organizations that want to reap the benefits of global virtual teams while

minimizing the potential for common language- and communication-related pitfalls:



1. To help employees, remember to pick the right tool for the right job. When choosing technologies to communicate with, keep in mind that some work better than others for different situations.

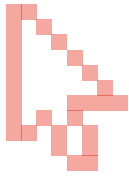


2. Clearly communicate roles and responsibilities to all team members – When people from diverse backgrounds and in different locations must work together toward common goals, it's critical that each team member understands exactly what is expected of him or her.

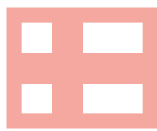


3. Ensure that all members of a virtual team are able to communicate effectively with one another in a common language – It's also important to make sure team

members understand the importance of asking questions about anything that is not clear, and not being reluctant to seek clarification when they don't fully comprehend what another team member is talking about.



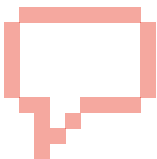
4. Make sure your team has all the communication technologies it needs to do its job – As our survey shows, email is often the go-to technology for virtual work teams, but other alternatives such as video-conferencing – and even occasional face-to-face meetings when possible – can go farther toward building camaraderie, trust, cohesion and “same-page” thinking.



5. Fine-tune your team strategies according to what works best in your regions and cultures – For example, if you have a lot of team members in China or Russia, try to arrange for more face-to-face conversations, as those cultures have a stronger preference for such communication.



6. Recognize the value of – and encourage – so-called “good” conflict – One benefit of virtual teams, especially those that use asynchronous communication technologies like email, is that people who tend to be quieter or reluctant to challenge others' ideas can find it easier to offer contrary opinions in group situations.



7. Look out for team members who can serve as “cultural brokers” – People with strong communication and mediation skills can help make virtual teams stronger by managing misunderstandings and minor disagreements before they boil over into destructive conflict. ■

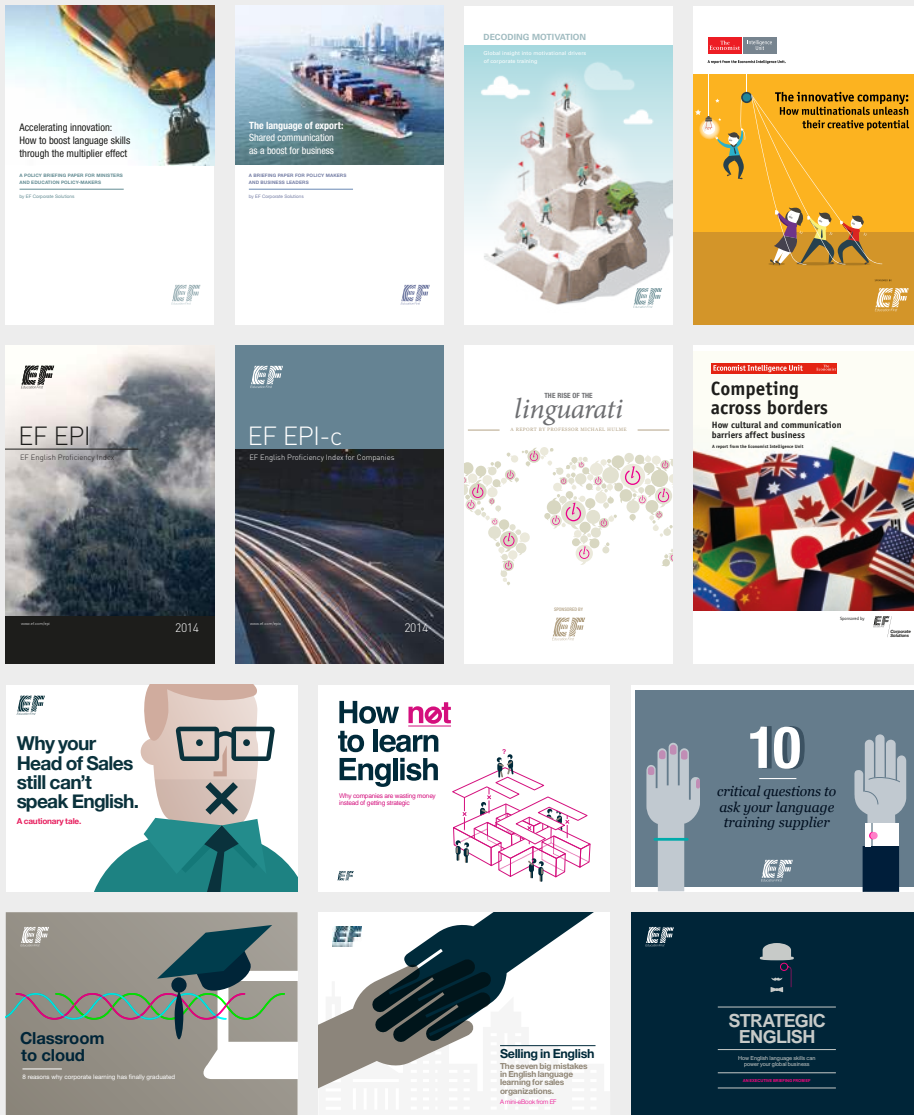
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ENSURE THAT ALL MEMBERS OF  
A VIRTUAL TEAM ARE ABLE TO  
COMMUNICATE EFFECTIVELY WITH ONE  
ANOTHER IN A COMMON LANGUAGE

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# Further reading

To read more about communication and language strategies, please visit [www.ef.com/loc/resources](http://www.ef.com/loc/resources) for free downloads.





# Virtual Conflict

BARRIERS TO COLLABORATION IN GLOBAL TEAMS

This report pinpoints specific communication problems facing virtual teams collaborating across borders.

