

Avoiding EHS and Cultural Barriers during International Corporate Expansion

By Keith Knoke and Alisa Wells

Expanding your organization into a new global location, with little or no understanding of the local EHS and cultural implications of doing business there, can be extremely challenging. When it comes to ensuring a successful cross-border expansion, there are a number of factors to take into consideration, some of the most crucial being Environmental Health and Safety (EHS) and cultural aspects.

Corporate EHS leaders are challenged with establishing EHS programs, dealing with language and cultural issues, and understanding regulatory requirements and the cultural nuances of doing business in the host country. While the marketing and sales functions of the company may have parallels in each country, EHS expectations, practices, and cultural norms can, and often do, differ greatly. When these differences are not fully understood and planned for, unexpected, time-consuming and costly issues may arise.

What's the Worst that Could Happen?

Recently, a US-based company expanded their global retail business into Asia Pacific. The company selected the store location, completed their business registry, and engaged and met all necessary regulatory obligations required to conduct business in this new host country, so it seemed like everything was in good shape.

As part of the company's EHS program, a local injury and illness prevention committee was initiated, and women were chosen for over 50% of the committee's leadership roles. These employees were all well-qualified and were considered excellent choices for this role; however, one thing was overlooked—gender.

While this kind of diversity would likely be considered a positive in many parts of the world, the expanding company had not fully understood and considered the cultural nuances of its host country, specifically the country's perception of the appropriateness of women in leadership roles. In this instance, it was considered inappropriate for woman to lead a committee that contained men. As a result, the men on the committee refused to participate in meetings and disregarded requests to do so.

This lack of understanding resulted in the reorganization and realignment of the committee, a delay in the commencement of the committee's activities, bruised egos, and an adversarial staff that distrusted corporate leadership. And all this before the company sold one piece of merchandise.

What's an Expanding Company to Do?

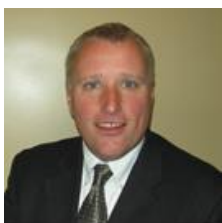
Corporate EHS's biggest challenges, above and beyond language barriers, can include issues with administrative processes, Human Resource alignment and operations, labor union interaction, communication and cultural insight, the overall pace of business operations, and EHS compliance. Not fully planning for these differences may result in a reduction of employee productivity, operational delays, costly reorganization of internal groups, a negative outlook of the company in the new locale, and ultimately a loss of revenue.

Are you at risk? There are concrete steps you can take to prevent these kinds of difficulties:

- During due diligence, partner with local experts who can help identify and as necessary, help navigate through potential issues your company could encounter. Take the time to ask the right questions and fully understand the EHS regulations, compliance concerns, and cultural difference and nuances of your host country.
- Thoroughly think through all possible risk scenarios, research any concerns that arise, and explore alternatives and safeguards ahead of time.

Corporate EHS managers face the challenge of ensuring the company's employees are safe and the company operations are in compliance with applicable local regulations while at same time ensuring these functions don't hinder company operations. The complexity of this assignment increases exponentially as the company expands into new geographies.

By doing as much as possible to understand and address EHS requirements and cultural nuances *before* entering into a new location, the likelihood of an issue arising or a business interruption occurring decreases. Although the pre-planning and fact-gathering needed to ensure a successful expansion can be time consuming, the extra effort will pay off in the short and long run.



Keith Knoke is a Senior Consultant with more than 20 years of experience in environmental, health and safety (EHS) consulting. His technical expertise is in EHS program development and implementation, assisting clients in identifying, quantifying and mitigating corporate EHS risk, implementing EHS information management systems, performing global EHS due diligence and remedial environmental investigations. Keith's most recent responsibilities have included, global account leadership, corporate EHS program development, EHS management

system design and implementation, EHS information management system implementation, corporate EHS audit management, merger and acquisition consulting and environmental reserve estimation.



Alisa Wells is a project manager with over 11 years of experience in the environmental field. Her technical specialties include cost financial management, environmental site assessments and remediation, regulatory interaction, complex project logistics, permitting, and public involvement. Alisa is responsible for all aspects of the project's activities, including project strategy, client and regulatory communications, resource and contractor management, data evaluation and interpretation, document preparation and review, and health and safety compliance. Alisa works closely with clients, integrating business and environmental strategies, to minimize client liability and to move projects toward closure.