

McCANN WORLDGROUP

The truth about cross-cultural B2B relationships

PART 5: SILOED DEPARTMENTS LIMIT BUSINESS SUCCESS



Introduction

Is your business full of "frogs in a well" or "turtles in an ocean?"

In the world of business-to-business (B2B) relationships, working in departmental silos can create friction and challenges in relationships between clients and suppliers.

When departments operate in isolation, they often see only part of the business process, leading to inconsistencies as projects transition through the different phases of the B2B emotional roller coaster.

This fifth paper in our series explores how business leaders can address these issues. It suggests that specialists from one area of business could add value and unique skills to other stages of the journey rather than being confined to disconnected silos.

Additionally, it examines how AI and technology can assist in identifying the right specialists at the right time while also helping to reduce unconscious bias in the process.

And finally, it explains why it's better to be more like a turtle than a frog.



Key insights for this series include:

Part 1 - Emotional influence in B2B

Understanding that emotion is central to B2B decisions should shape how other steps in the business journey are approached. It's crucial to anticipate the right emotions at the right time. Business leaders are not only twice as emotionally connected to B2B brands compared to FMCG brands, but these emotions also range from strong positivity at the start of a new B2B journey and during long-term delivery to intense negativity when business relationships encounter friction.

Part 2 - Business culture fluency reduces friction

Business cultural fluency goes beyond understanding local customs. By analyzing business behaviors through the lens of cultural segments, business leaders can anticipate potential differences between their own business culture and that of their client or supplier. Remapping the world by business culture rather than geographic criteria provides insights that help reduce friction and improve cultural business fluency.

Part 3 - Contracts or people?

For some in business, a contract is an opportunity to lock in a defined scope; for others, it serves as the foundation for a flexible relationship. Understanding your own team's perspective, as well as your client's or supplier's cultural approach to contracts, can help create clearer and more effective strategies for using them.

Part 4 - Win-win is better than win-lose

When negotiating new B2B deals, business leaders sometimes miss the early opportunity to discuss what will happen if things go wrong. While most professionals prefer a win-win approach to resolving disputes, incorporating a win-win resolution framework into the contract increases the likelihood of achieving an outcome that serves the best interests of both parties. Rights-based and power-based approaches are also considered viable options when necessary.

CURRENT Part 5 - Siloed departments limit business success

Long business journeys involve multiple stakeholders, and the complex nature of B2B relationships requires a wide range of skill sets throughout the process.

Certain stages of the B2B journey are more emotionally engaging for business leaders, who are often willing to delegate the stages they find less interesting or where they feel less skilled.

This paper explores the opportunity to move beyond the traditional business model of siloed departments, demonstrating how departments typically assigned a single role can be more deeply integrated into the full B2B journey, contributing their expertise to other stages of the process.

Additionally, it examines how business leaders view lawyers within their organizations, including their attitudes toward using and selecting them during the B2B journey.

Part 6 - One size does not fit all

This series of reports not only shows that a single global approach to B2B relationships doesn't work but also highlights differences between countries and across various groups, such as genders, ages, and professions.

B2B relationships are often long and complex, leading to multiple stakeholders and teams with potential for siloed responsibilities

The B2B emotional roller coaster, as measured in our study, has been featured in every report published so far in this series by ICC, Jus Connect, and McCann Worldgroup Truth Central.

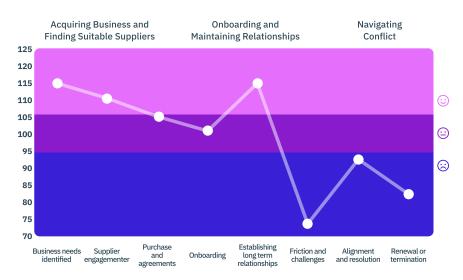
This is because the data, derived from surveys of 1,701 business leaders across nine markets, provides insights into moments of high, atten-

tion-grabbing emotional engagement (whether positive or negative) and moments of neutral or lower emotional engagement when attention is at its lowest (see Paper 4 for more details).

Typically, each of these stages is led by different departments, with handovers occurring at each distinct phase.

In these silos of responsibility, there is a risk of disengagement from senior business leaders, a lack of project ownership, and teams losing focus when referencing contracts, statements of work, and purchase agreements.

The B2B emotional roller coaster:



Index of emotional engagement by business leaders in each stage of the B2B journey. 100 = average emotional engagement. **Base:** 1,701

Here is an example of the departments that might be involved at each stage of a typical new client-supplier relationship.

For this illustration, we have used the adoption of a new technology solu-

tion as an example. Each project and supplier arrangement will vary but is still likely to involve one or more departments in specific stages of the business journey, while not in others.

Example roles and departments in a tech buyer B2B journey:

	Client departments	Supplier departments
1 Business need identified	Strategy, Innovation & Leadership	Marketing
2 Supplier engagement	Leadership & IT	Leadership & Sales
3 Purchase & Agreements	Procurement & Legal	Finance & Legal
4 Onboarding	IT, Operations & HR/Training	IT & Technical teams
5 Long term delivery	Leadership, IT & End-users	Leadership & Client Service
6 Friction & challenges	End-users, Leadership, Procurement & Legal	Client Services, Leadership, Technical teams, Finance & Legal
7 Alignment & resolution	Leadership, Procurement & Legal	Leadership, Finance & Technical teams
8 Renewal or termination	Leadership, Procurement & IT	Leadership, Finance & Legal

base: Example B2B journey based on MW Truth Central industry and supplier-engagement desk research

This is just one simple example, but it highlights how different departments step in and then step away from a B2B relationship.

In this example, the B2B supplier has several distinct departments handing the project over at each stage: Marketing teams focus on ensuring their business is visible and known when potential clients are starting to explore new ideas. Their job is to get the company onto the client's Request for Proposal (RFP) list as a first step.

After that, sales teams and leadership pitch for the work and, if successful, hand the relationship over to the contract negotiation specialists—finance and legal teams—before involving operational set-up and long-term client service teams in the relationship.

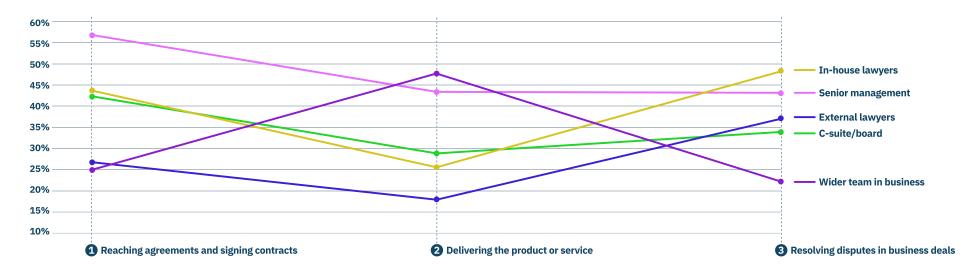
In this "hot potato" scenario, where the relationship is passed from one department to another, there's a risk of attention to detail slipping and mistakes being made.

Sometimes, a business leader at a client or supplier might make an executive decision early on, at stage 1 or 2, to close a deal. The old cliché of the handshake agreement on the golf course or over dinner stems from real-world examples of business deals being agreed upon without delving into the rigorous details of the contract or statement of work.

Now consider this:

- What if the legal, procurement, and finance departments joined the dinner table conversations, not just the contract negotiation table later?
- What if marketing and sales teams continued to develop brilliant communications targeting current client relationships instead of moving on to win the next one?
- What if senior leadership involved the experts in creating robust contracts—lawyers—earlier in the process?
- And what if marketing and sales, some of the best communicators, remained active in the relationship later in the journey?

Legal experts can have an active role across the full B2B journey



Sample: Global business leads, n=1,701

During our research, we presented our sample of 1,701 business leaders with the three key stages of the business journey and asked them to identify who they believed needed to be involved at different stages of the B2B journey.

We included broad roles from a typical business structure, along with one specialist department for comparison:

- C-suite/board of directors
- · Senior management and functional department heads
- Wider teams using or providing the product/service
- Lawyers (internal or external)

Lawyers were specifically added to the general list of business roles to explore and compare how one specialized group is included or excluded from the B2B journey.

In this typical model, the most engaged roles are the senior department leads. These senior managers, who often report to the C-suite, are expected to remain hands-on throughout the journey. Compared to the average involvement of 36%, they are 1.2 to 1.5 times more involved at every stage than other roles.

The wider business teams—those who either receive or deliver the product or service in the agreement—are the least involved at the start and end of the process. Their most active participation occurs during the delivery phase.

C-suite members are typically more active at the start of a relationship but tend to drop in visibility and involvement as the journey progresses.



For lawyers, their role is often welcomed both at the beginning—during contract negotiations—and again in the latter stages to resolve the end (or renewal) of the relationship. However, every business does not follow this traditional departmental journey.

Some businesses we spoke to include lawyers in a more active role in their day-to-day strategy and relationships. As one in-house General Counsel explained:

66 "I'm essentially a board member, helping to run the business, with a specialism in legal issues, but also included in conversations about growth, suppliers, profit, etc. **99**

- General Counsel

But this isn't the case in all organizations. In some cases, lawyers are excluded from the dispute resolution process despite their expertise.

While 67% of business leaders say they would involve their in-house general counsel, external lawyers, or both in resolving disputes, 33% would not. Instead, they prefer to rely on C-suite, department heads, or day-today business teams to find resolutions during moments of friction.

Although this approach might feel more aligned with pursuing a win-win and amicable resolution, it also overlooks a key opportunity: lawyers can play a critical role in win-win resolutions. If lawyers were brought in earlier—at the stages of new business deals and onboarding—they could help align agreements with delivery expectations. Their early involvement ensures a clearer understanding of what went into the agreement and how delivery has unfolded, ultimately making dispute resolution more effective.

By lifting people out of their silos, businesses gain a broader perspective, helping everyone work more collaboratively and ensuring the organization can go further.

The frog at the bottom of the well

"Jing Di Zhi Wa" (井底之蛙)

In China, there is an ancient fable about a frog that lived at the bottom of a well.

This little well was the frog's entire world. It swam about in its small pool of water, and when it looked up, it could only see a single circle of the sky.

One day, a turtle from the vast Eastern Sea passed by the well. Intrigued by the frog's home, the turtle looked down into the well to say hello to the frog.

As they chatted, the turtle described his home in the ocean. «It's vast and endless,» he explained, «stretching far beyond the horizon, deeper than the tallest mountain is high.»

The frog couldn't believe it. From its spot at the bottom of the well, the sky was only as big as the top of the well. «You must be making it up!» the frog scoffed. «How can anything be vaster than my well? This is the greatest water around!»

In business, departments can sometimes resemble the frog in the well, seeing only their small circle of the project. Bringing teams into multiple stages of the B2B journey allows them to be more like the turtle—able to see the vastness of the entire project and contribute in many different directions.



Business leaders have different priorities and selection criteria when bringing experts into the B2B journey

If businesses are to actively increase the roles of experts like lawyers in the B2B journey, one way to do this efficiently is by engaging external lawyers based on their expertise in a specific topic, industry, or market.

Technology-driven solutions, like Jus Connect's professional network for arbitration professionals, provide data-driven insights and global access to help businesses efficiently identify the right legal expertise for their needs. By leveraging Jus Connect's extensive global network and advanced analytics, businesses can efficiently find external counsel with experience in specific industries, markets, or legal challenges—ensuring the right fit.

When selecting external counsel, these are the characteristics business leaders prioritize:

Reputation & Expertise: Legal professionals known for their strong reputation and expertise.	—— 72%
Industry Specialization: Prefer legal experts with industry-specific knowledge.	—————————————————————————————————————
Proven Relationships: Select counsel with whom you have a successful past relationship.	54 %
Cost Efficiency: .egal services that offer cost-effective solutions.	47%
Referrals Matter: Rely on referrals and recommendations from trusted sources.	

Sample: Global business leads, n=1,701

When selecting external lawyers, business leaders are more likely to prioritize diversity of market experience over inclusive selection policies.

When selecting external counsel, these are the priorities business leaders focus on:

Thinking specifically about diversity priorities in selecting external counsel, which of the following are important?

Global Backgrounds:	— 67%
Preference for legal professionals with diverse international experiences	
Multimarket Expertise:	— — 65%
Favor candidates experienced in diverse legal systems globally	
Multilingual Skills:	CO0/
Value professionals proficient in multiple language	— — 60%
Cultural Awareness:	
Prioritize individuals showcasing cultural sensitivity	41/0
Race & Ethnicity Balance:	200/
Encourage representation from different ethnicities in the legal team	—— 39%
Gender Balance:	DC 0/
Promote representation from all genders in the legal team	—— 36%
Age Balance:	
Encourage representation from different age groups in the legal team	32%

Sample: Global business leads, n=1,701

Two-thirds of business leaders prioritize "diverse international experience" (67%) and expertise in "diverse legal systems globally" (65%). However, only about 1 in 3 actively promote greater representation from underrepresented groups, such as ethnic diversity (39%), gender diversity (36%), and age diversity (32%).

Given the themes of this series of white papers on the importance of cultural sensitivity, we hope to see a significant increase in the number of business leaders prioritizing cultural awareness in the future, as less than half currently do so.

A role for tech and AI in developing faster and more inclusive selection approaches

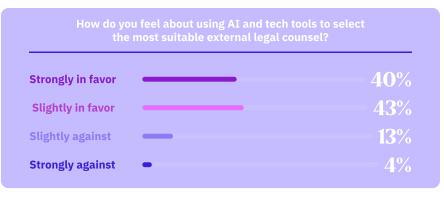
The phrase "first impressions count" has long held true in business relationships. However, research has shown that some first impressions are shaped by unconscious biases against specific groups, underscoring the need for tools that reduce bias when selecting suppliers or external lawyers.

Project Implicit, a research initiative launched by Harvard University, has extensively studied unconscious bias through data collected from millions of people worldwide. Using the <u>Implicit Association Test (IAT)</u>, a neuroscience tool, the project measures immediate reactions to various stimuli, such as associations between men and women or racial groups. This tool has gathered data from over 20 million participants, measuring the milliseconds it takes for individuals to associate certain attributes with specific demographic groups—similar to the precision of a photo finish in a 100-meter race.

The findings reveal that many people have automatic preferences for certain groups over others, such as an unconscious bias toward men over women or white individuals over Black individuals.

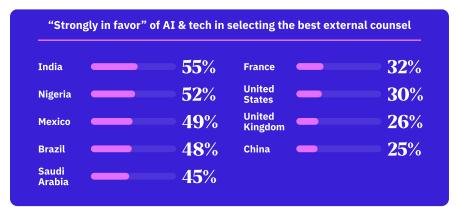
In the context of technology and AI, these insights are particularly significant. Removing—or at least mitigating—the influence of first impressions during hiring and selection processes can lead to better outcomes. AI and machine learning enable businesses to analyze extensive databases and identify candidates based on relevant criteria, such as expertise, cultural sensitivity, and inclusive practices. By leveraging AI, businesses can reduce unconscious bias, promote fairer recruitment practices, and make more informed decisions. This not only enhances diversity but also improves the overall quality of decision-making.

Support for AI in the selection of external lawyers:



Sample: Global business leads, n=1,701

Support for AI-enabled selection processes varies across the globe. Interestingly, countries hosting major arbitration courts are among the most cautious about using AI and technology when selecting external counsel. For example, only around 1 in 4 respondents in the United Kingdom and China and 1 in 3 in the United States and France are strongly in favor. In contrast, businesspeople in countries like India, Nigeria, Mexico, Brazil, and Saudi Arabia show much greater support.



Sample: Global business leads, n=1,701

Conclusions

The dynamics of B2B relationships are often shaped by the compartmentalization of departments, leading to fragmented management and oversight as relationships progress through various phases.

These fragmented departments, like a "frog in a well," focus only on their part of the project, introducing risks and inefficiencies—especially when they operate in isolation without a comprehensive view of the entire business journey. Encouraging departments to interact, like "turtles in the ocean," creates a more integrated and effective approach.

Specialists, such as lawyers and marketers, can play a more active role throughout the B2B process, extending beyond their traditional functions. Additionally, leveraging AI and technology can significantly enhance the selection process for finding the right lawyers and experts while also reducing unconscious bias and improving fairness.

Implications

When departments operate in silos, critical information and nuances are often lost, leading to potential misalignments and inefficiencies. The implication for business leaders is clear: integrating knowledge and expertise across various stages of the B2B journey enhances process effectiveness and mitigates the risks associated with fragmented departmental functions.

Leveraging AI and technology to orchestrate these integrations ensures that the right skills are applied at the right moments, fundamentally transforming the traditional model of B2B relationships.

Recommended actions

1. Be more "turtle in the ocean," less "frog in a well"

Encourage ongoing communication and collaboration between departments throughout the B2B journey.

By breaking down silos and promoting a culture of shared responsibility, businesses can ensure a more cohesive approach to client relationships and project management. Initiatives like regular cross-departmental meetings and shared project management tools can facilitate this integration.

2. Leverage technology for specialist integration

Use advanced technology, databases and AI tools to help identify when and where specialists are needed most across different stages of the B2B journey.

AI can analyze past engagement data to predict the optimal times for specialist involvement, while also helping to find and align expertise precisely with the needs of each project phase.

3. Use technology and training to reduce unconscious bias

Train employees to recognize and mitigate unconscious bias when selecting and integrating suppliers and specialists into B2B relationships.

These initiatives can educate employees about common biases, fostering awareness and promoting fair decision-making. AI tools can further enhance these efforts by providing unbiased, data-driven insights for selecting partners and experts, ensuring decisions are based on merit and aligned with strategic objectives.

About the organizations

International Chamber of Commerce (ICC)

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

Contact:

Randa El Tahawy randa.eltahawy@iccwbo.org | +33 1 49 53 29 92

Jus Connect

Originating from the extensive Jus Mundi arbitration and international law database and empowered by Conflict Checker, Jus Connect epitomizes informed decision-making. We provide legal teams with unparalleled data-backed profiles and analytics, enabling them to strategically choose external counsel, experts, or arbitrators while avoiding conflicts of interest. But it's not just about selection; law and expert firms find in us a partner that amplifies their reach and revenue. With our tailored business development solution, arbitration teams can showcase their practice, setting them apart in a competitive market.

Contact:

Louise-Camille Bouttier louise-camille.bouttier@rumeurpublique.fr | +33 6 18 73 74 00

McCann Worldgroup Truth Central

McCann Worldgroup Truth Central is McCann's global intelligence unit dedicated to unearthing the macro-level truths that drive people's attitudes and behaviors about life, brands, and marketing. Truth Central leverages its expertise in global marketing and communications to navigate and articulate complex cultural nuances, shaping insights that drive strategic business decisions.

Contact:

Gideon Wilkins gideonwilkins@mccann.com | +44 (7583) 669441



→ Next time

In the final installment of this series, we examine the differences among groups of people in the study and explore how stereotypes about these groups often fail to reflect the reality of their actual day-to-day business behaviors and approaches to B2B relationships. This installment will challenge common myths and highlight opportunities for fostering inclusivity in business practices.