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Managing and growing MNCs in Asia

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Managing and growing MNCs in Asia

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SMU Associate Professor Gordon Perchthold's new book doles out "spoonfuls of knowledge" to help multinationals be Asia capable

When COVID-19 forced Singapore into its Circuit Breaker lockdown in April 2020, SMU Lee Kong Chian School of Business Associate Professor of Strategic Management (Practice) **Gordon Perchthold** faced a problem shared by academic instructors worldwide: How to impart knowledge without face-to-face classes? His solution: Bite-sized LinkedIn posts that explained concepts, on which students were expected to comment as part of coursework.

By collating 144 such posts, Perchthold published his latest book "Build & Manage Multinationals for Sustained Growth Across Asia" to, in his words, "administer spoonfuls of knowledge".

"I realised that people don't read books anymore," he explains in a virtual book launch hosted by SMU Libraries. "I started looking at, 'How can I create a format that would be easier to read?' That's why I did it in the format that I did. It's quite a major departure from the standard type of book format that you would normally get out there.

"It covers all of Asia, it covers the internationalisation process and how a multinational work, and the dynamics between the corporate office, the regional office and the country subsidiaries."

IT'S ALL ABOUT THE TEACHING AND ENGAGEMENT

How then does he decide which "spoonfuls of knowledge" to dole out on LinkedIn?

"I look at each post as a concept, maybe whether I'm covering Asia this week, or I'm going to cover regional offices," he elaborates. "I think, 'What are the key points of theory associated with regional office and how it works?' I'll then think about the 10 concepts that I have to get across and visualising them."

"That takes quite a bit editing and then re-sequencing it to make it understandable. Sometimes I like to explain more and I just can't, and I always wait for someone to challenge me on the post because I've left something else, but it doesn't seem to happen much."

Perchthold acknowledges the risk in opening up the teaching process on social media – "Anything innovative involves risk!" – but feels the engagement it generates outweighs the risk.

"I'm putting myself out there for industry managers and executives to challenge what's being said or to supplement it with their experiences so it was a risky proposition," he says. "It's active learning because students actually have to engage with the content and provide a perspective, whether it's an individual perspective or they can source it as well.

"If professors want to use it, they can just pick out any of the posts [in the book]...and use it as a catalyst to facilitate conversation about a particular topic."

Perchthold, who was a Global Partner at Deloitte Consulting before making the move into academia, has worked in cities including New York, Seoul, Jakarta among many others. While his LinkedIn posts cover many facets of life in multinational corporations, some garner more engagement than others.

“Probably the biggest one is expat life,” he notes. “In this region there are a lot of expats and that hit home. When you first go international, it’s all exciting and then six months later you realise you’re not getting much accomplished. And until you figure out how to moderate your expectations and the way you engage with others, then you get a comfort zone.

“The relationship between corporate office and regional office and the country subsidiaries and what their various roles – I usually get quite a lot of engagement on that. Those are ones that people can relate to.”

DOWN UNDER...AND OUT?

Perchthold, who did his PhD at the University of Sydney in Australia and is Facilitator of Strategy & Risk at the Australian Institute of Company Directors, was asked about the relative lack of Australian companies venturing into Asia despite near unanimous consensus that the region is the biggest growth market in the world.

“You’re constantly seeing Australian enterprises come up with these interesting ideas and they start to package it; the problem is they exit it too early,” he laments. “They feel like they’ve built it far enough and don’t want to go a step further, and that step further is going into Asia.”

Perchthold adds that Australian companies sometimes lack the appreciation that success in Asia depends on long-term strategic planning which requires “a seven- to 10-year endeavour before you can solidify your positioning within the market”. As such the main stumbling block is less about innovation or competitiveness, but more about structure and leadership.

“The only thing I would also add is it’s about managing the perceptions of your stakeholders,” Perchthold says, highlighting a point that applies to not just Australian companies but all multinationals. “When you go international, usually the entire focus is on the foreign market – the opportunities and problems there. There is insufficient appreciation that you have to do change management on your home country organisation.

“Get them to understand and appreciate the volatility. Try to broaden their cross cultural understanding and capabilities.”

While noting that American companies have done well in Asia – “Americans are quite good at leaning forward saying, ‘We’re going to go after that opportunity and we’ll persist in that opportunity.’” – Perchthold cites the presence of American banks and accounting firms that creates a sense of familiarity that helps create success. He cites the withdrawal of ANZ Bank from Asia as a further setback to Australian hopes of expanding into Asia.

BEING ASIA CAPABLE

For his book, Perchthold spoke to 86 Board chairs and C-suite level executives. After over 20 years as a consultant and now armed with the pedagogical knowledge as an academic, what advice would he give to senior executives to have their organisations Asia capable?

“The board has to agree this is a 20-year investment,” Perchthold asserts, referring to the need to groom talent in-house. “I’ve had Citibank executives telling me, ‘We look at individuals from a 20-year horizon. We’re going to develop them over that period and they will become our future executives.

“It’s not going to happen by itself. We put them on special training programmes and we’ll move them around across countries. It takes investment but you have to build it internally. You can’t just hire internationally, you have to build this from the inside.”

Gordon Perchthold was the key speaker at the SMU Libraries Book Launch: Build and Manage Multinationals for Sustained Growth Across Asia on 18 February 2021.

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