



THE LANGUAGE FLAGSHIP

Creating Global Professionals

**WHAT BUSINESS WANTS:
LANGUAGE NEEDS IN THE 21ST CENTURY**

The Language Flagship leads the nation in designing, supporting, and implementing a new paradigm for advanced language education. Through an innovative partnership among the federal government, education, and business, The Language Flagship seeks to graduate students who will take their place among the next generation of global professionals, commanding a superior level of proficiency in one of many languages critical to U.S. competitiveness and security.

www.TheLanguageFlagship.org

Susan J. Duggan, Ph.D., Senior Strategist
The Language Flagship, National Security Education Program
Washington, DC 2009

INTRODUCTION

The Language Flagship, an initiative of the National Security Education Program (NSEP) at the U.S. Department of Defense, has undertaken one of the most systematic efforts, to date, to assess and understand the needs for global skills in business. Over the past three years, this effort engaged more than 100 business leaders to identify the role and value of languages and cultural skills to business' bottom line. Of equal importance, it identified a potential role for business as an integral part of a dynamic that will bring significant change to language education in the United States.

In the face of strong perceptions that English is — and will continue to be — the lingua franca of international business and that most companies address their language needs through creative “workarounds” (hiring in-country nationals and using translators), Flagship sought to delineate the actual needs of business for an American workforce with global skills including advanced language proficiency. This also included domestic business dealings with a multilingual workforce and/or clientele. We were impressed to learn of a real need, and real opportunity costs, as well as a call for more systematic discussion of the role and value of language skills, not only within the business sector but throughout American education and society.

During 2008, Flagship brought together 38 representatives from a broad cross-section of the U.S. business community to participate in a Metro Language Series in San Francisco, Seattle, New York, and Washington, D.C. These sessions gleaned insights about the value and role of global skills in business success. This series was an important next step to an inquiry begun in 2006 with the development of three state-focused Language Roadmaps designed to address the economic and social imperatives for a globalized workforce at the state and local level. The Roadmap efforts — in Ohio, Oregon, and Texas — convened more than 70 business leaders whose input was critical to the development of strategies and policies responding to identified needs for language education.

Participants in both the Language Summits and the Metro Language Series brought a broad range of experience to these sessions, not only in terms of their responsibilities but in the breadth of industry sectors they represented. Business sectors included the hotel and travel industry, food services, high technology, transportation and shipping, aviation, banking, law firms, engineering and industrial development, waste and water management, international business development, automobile industry, and a number of economic development agencies. Participants represented views from research and product development, marketing and branding, international business development and sales, financial and legal services, domestic workforce management, large-scale project management, and corporate human resources.

WHAT BUSINESS WANTS: KEY FOREIGN LANGUAGE NEEDS IN THE CORPORATE SECTOR

Develop New Business and Keep it

Losing potential or actual business because of misunderstandings through language and culture can cost a company millions of dollars. Deals lost because of lack of understanding on both sides result in loss of return on investment in the business infrastructure overseas, actual business revenue loss, and loss of an important perception of “competitive edge.” Developing new business, especially negotiating complex arrangements, increasingly requires a full knowledge of the language and culture of the region. Only one participant in these sessions claimed that it was relatively easy to continue to sell his company’s products in Asia by only using English.

What of business opportunities that are never discovered? Without language skills companies miss business opportunities announced in local media or from local government communications. Elisabeth Lord Stuart, Operations Director of the U.S.-Algeria Business Council, pointed out that several of their client/member companies that do not have French or Arabic language capabilities on staff often miss Algerian “requests for proposals” that are written in French and/or Arabic. She remarked, “The lack of language skills among U.S. businessmen is an enormous barrier to increasing greater U.S. participation in overseas markets.” Without appropriate language abilities in house, companies miss formal proposals and informal leads for business they could deliver overseas. Non-U.S. companies vie for international business and often have language skills to surpass American businesses.

On the domestic side, new business is lost or delayed because of lack of language skills to negotiate the deals. As an example, business participants in Texas noted a 10-year delay in getting Toyota to open up operations in Houston. An economic development

organization in the state of Washington noted losing revenues into their region because of the inability to translate training contracts and curricular materials into Chinese and other languages for professional-level education of students from abroad. The Port Authority of New York expressed concern that without language skills on staff they might lose business to other airports that could accommodate international clients more easily.

“The lack of language skills among U.S. businessmen is an enormous barrier to increasing U.S. participation in overseas markets.”

ELISABETH LORD STUART, OPERATIONS DIRECTOR,
U.S.-ALGERIA BUSINESS COUNCIL

Avoid Mystery Pain — Negotiate Solid Agreements:

Language skills, usually at a very high level, are needed for successful business negotiations, be it for structuring the specifics of a contract or memorandum of understanding or for establishing guidelines for supplier processes. Poorly structured agreements, resulting from not understanding the legal terms in another language, carry “mystery pain” (colorfully coined by one participant) into the future when companies finally realize the errors in the language of the contract to which they had agreed. The “pain” can be even more acute in countries where government oversight of business and legal operations is not very high.

Serve Clients, Customers and Partners Well

Lack of trust in business relationships reduces or precludes revenues. Developing trust with clients and overseas partners requires advanced language and cultural skills. Higher proficiency in the language produces better relationships and moves that development time along more quickly than lack of language skills. A representative of Federal Express pointed out that their international customers expect the regulatory information in the FedEx database

to be in their own language. Without that linguistic connection, there is loss of trust in the data, resulting in a lack of business-generating revenues. The same holds true for maintaining good in-country partner relationships, particularly since a corporate partner often services in-country customer needs. If communications with business partners are not on target, companies find themselves in a position of being overcharged and underserved, and potentially alienating their own customers.

“Companies need a whole ecosystem of understanding among their customers, local communities, and partners in order to develop or promote a successful local product. Advanced language skills provide the foundation to trusted relationships with customers, communities, and partners. With those skills we are able to enhance and maintain our connection with current markets and develop new ones fully aware of local customer needs and requirements.”

HERMAN USCATEGUI, DIRECTOR OF GLOBAL STRATEGIC
INITIATIVES AND INTERNATIONAL BUSINESS DEVELOPMENT,
STARBUCKS COFFEE COMPANY

Businesses servicing multilingual customers in the United States expressed concerns about having appropriate language capabilities on staff. For banks, this means having bilingual tellers who can provide service to growing immigrant communities dealing with complex issues of financial planning. For transportation and delivery companies like UPS, FedEx, and DHL, drivers need basic-level language capabilities to communicate simply but effectively to customers receiving packages. However, their customer service representatives need higher levels of language proficiency to handle complex matters of tracking services and regulatory issues.

Companies face challenges in educating clients about services and specifics of a product when they lack language skills. Using interpreters for client and product training is not as productive as explaining it directly. Some clients require training materials

in their native language. Misunderstandings or mistakes in conveying that type of information cost time, relationships, and money.

Succeed with External Communications in other Cultures

Successful businesses recognize the need to be accurate — culturally and linguistically — in their international marketing campaigns as well as in their marketing efforts to domestic multilingual communities. “Translating” well-known American brands overseas challenges companies looking to enter diverse markets with a variety of cultural traits. The concept of developing customer loyalty requires knowledge of and sensitivity to the host culture at a high level. The potential loss of trust — and commensurate loss of business — underscores the importance of a full knowledge of the language and culture for external communications, marketing, and branding, as well as for handling government and media relations. Several participants expressed that there is a laziness that pervades communications throughout American society; but that communication is key to developing trusted relationships in other cultures. Advanced knowledge of languages and cultures of the country and community is necessary to successful external communications. This supports brand awareness, marketing, and sales for small, medium, and large companies alike.

“With more than 3,300 hotels around the world, the Hilton Family of Hotels is continually growing,” said Eileen Hanson, Vice President of Marketing Communications and Strategy for Hilton Hotels Corporation. “As we expand our international development efforts, we continue to explore refreshed marketing strategies and communications that are relevant and appropriate for new audiences, and further global interest in the Hilton Family of Hotels and the Hilton HHonors loyalty program. To do so, we need talent with a sophisticated knowledge of the languages and cultures of the regions we are working in.”

Manage Cross-national Projects and Sales with Efficiency

Many businesses need to manage cross-national projects involving major building initiatives or product development. Without language skills managers lose clarity in communications. Poorly managed teams cause delays in production schedules, loss of productivity, and wasted materials. This hurts the bottom line. Companies constructing factories, military installations, or industrial complexes in particular noted the seriously large costs when delays — based on misunderstandings of contracts, work orders, and management issues — affect production. These companies have to absorb the cost of materials that are wasted on big projects that begin but do not get finished due to misunderstandings of language and culture.

“Our efforts are about more than just building up workforces in various geographies; we have to be able to work seamlessly across the enterprise, regardless of location. That requires us to overcome any language barriers that exist between workers in different geographies. Without the ability to communicate clearly, concisely, and effectively in both directions, significant risks begin to enter the equation, including lower quality, lost productivity, and increased training costs. By addressing these needs early on, companies like ours can see a significant financial impact with global initiatives.”

JEFF STANDRIDGE, VICE PRESIDENT OF GLOBAL WORKFORCE MANAGEMENT AT ACXION CORPORATION

Efficient time management affects all businesses. A U.S. manager overseeing his production teams in Poland explained the loss of productivity when they fail to communicate fully with their production workforce in Poland, a workforce that is generally meant to save the company money. The savings evaporate because of delays in production and waste of materials resulting from lack of clear

communications. It affects their company on a tactical level, it affects the training of their workers, and it has a daily negative effect on their efficiency of production. Time is lost when companies do not comprehend the language, culture, and business context of a new market, whether overseas or in the United States. Companies lose time and money unless they are able to adapt a product to a new market with the linguistic and cultural understanding to make that product and its marketing campaign work efficiently and effectively. Businesses also lose time dealing with misunderstood regulatory issues that delay full usage of a company’s services and products.

Win the “War For Talent”

Inability to staff appropriately — with the right language skills and in a timely fashion — results in loss of business. Losing good talent because of lack of management support and inability to communicate in the employees’ language costs a company in the long run. Winning the “war for talent,” as one businessman put it, becomes increasingly important as overseas markets grow, and as domestic clientele with language needs increase. Companies face the cost of training new employees unless they are able to retain them with appropriate support from management. This means communicating effectively in the language and culture of their staff for efficiency of operations and for employees’ full usage of human resource benefits (e.g., retirement plans, healthcare support).

Companies in the United States and abroad often manage employees who do not speak English well, but need to access corporate employee portals that are offered only in English. One company noted that they have online services for their customers offered in 22 languages, but their employee portal is only in English, though they have many service employees who do not speak English well. This means further misunderstandings of regulations and under-use of benefits. Most companies stated that they do their

training in English, but admit that sometimes they feel that some of their employees, in the United States and overseas, do not fully understand the instruction. A Hilton representative noted that the hotel chain currently requires training in English throughout all of their operations overseas, but recently has found it

“Ensuring you attract and retain top talent for a globally competitive company requires an investment in developing cultural awareness and language skills in your current workforce. Hiring managers must possess the skills necessary to recognize and assess this vital combination of global abilities while each day creating and maintaining an open and inclusive environment that is sensitive to a multi-lingual workforce.”

TONY PADILLA, HR LEADER FOR THE 767 PROGRAM, BOEING COMMERCIAL AIRPLANES

difficult to pursue this training in smaller cities where there are fewer candidates with adequate English skills. To bridge that gap to acquiring and retaining good talent, they need to communicate directly in the language of their workforce.

For a company to bring a foreign national with native language skills to the United States costs extra time and money. Increasingly, companies face difficulties in arranging for work visas and realize the downside to the short-term nature of a foreign national’s work situation. Financial institutions in particular noted that they prefer to hire people here in the United States with appropriate language skills — avoiding visa issues, supporting the local economy, and providing for continuity of relationship with local clientele.

Use Translation, Interpretation, and Localization Judiciously and with Caution

Most businesses dealing overseas do need language skills for translation, interpretation, and localization of products and services. Translation of technical documents, working manuals,

requests for proposals, and contracts top the list. As U.S. businesses, large and small, look to build relationships around the world, they face the potential pitfalls of having a translator (often from a third party) be such an integral part of their business or client relationships. Specifically, a lack of knowledge of the product; of the technology and processes; and of continuity in relationships with clients, partners, and the corporate team in the United States affects the value of third-party translators. Additionally, businesses underline the high cost of having an outside translator, interpreter, or agency handle key business communications. As one business person noted about using in-country translators, it is a story of how “nothing worked terribly well, and it was all very expensive.”

CURRENT SOLUTIONS FOR BUSINESS’ LANGUAGE NEEDS

How do these companies currently respond to their language needs? They engage third-party help. Businesses engage translators, interpreters, global advertising agencies, and even outside assistance with administration and management of projects and staff. Several small- and medium-sized companies avail themselves of support from internationally-oriented business councils (e.g., U.S-Algeria Business Council) and assistance from state and federal government with trade issues and entering new markets. Beyond that, many businesses opt for identifying a really strong, in-country partner that can assume much of the work locally. Third parties, be they partners or short-term contractors, introduce someone outside of the corporation who often does not know the product, service, or mission of the company. More importantly, third parties often do not establish the long-term trust necessary for successful business relationships.

Some businesses bring foreign nationals to the United States to learn about the company and corporate standards. Acquiring appropriate visas

for long-term workers and bringing their English up to company standards creates problems. Often a company opts for a hybrid solution of having Americans on staff with language skills combined with foreign nationals working locally. Businesses noted that their companies are willing to provide some language training to their employees, but they find it difficult to identify commercial education agencies that will do an adequate job, and local colleges often do not have schedules that easily accommodate working professionals.

CHALLENGES FACED BY BUSINESS: UNDERSTANDING OF LANGUAGE NEEDS BY UPPER MANAGEMENT

Ultimately the challenge remains for these companies to identify good talent with language skills, either Americans or foreign nationals, and retain them for their skills. The lack of understanding and commitment from upper management to recognize the need for language skills internally undermines the support for those skills through improved recruitment of talent and improved compensation plans. Management often considers language skills a “soft” issue, therefore not requiring immediate or concerted efforts for change.

As a separate issue, several participants in this Flagship series noted that English is still an important language around the world and that businesses should require English language training for non-English speakers working abroad and in the United States. However, only one person in the series remarked that he was satisfied with his business dealings in English; and was able to sell product into Asia very successfully relying on his Asian buyers for their knowledge of English.

CHALLENGES TO SMALL- AND MEDIUM-SIZED ENTERPRISES (SMES)

The Language Summits and the Metro Language Series engaged business participants from *Fortune* 500 companies as well as from small- and medium-sized enterprises (SMEs). The set of challenges

for SMEs reflects their relatively small working budgets and inability to engage full-time staff, or even third-party agencies, with language skills. Small- and medium-sized companies should plan from the beginning to budget for language and cultural expertise to be successful in new markets. Realistically speaking, however, they simply do not have the resources and could use help from local, state, and national government agencies and NGOs such as the Trade Development Alliance of Seattle and the Harlem Export Assistance Center in addition to bi-national organizations such as the U.S.-Algeria Business Council. A few small- and medium-sized companies disclosed that they opt to staff up incrementally, rather than committing to full-time staff members with language skills. They noted that this made it hard to build relationships with customers, vendors, and partners overseas due to the short-term nature of the arrangement.

THE IMPORTANCE OF CULTURE

Knowledge of the culture of a country and region is just as important as knowledge of the language. This is an integral part of a skill set not only for global professionals, but for any successful professional operating in a U.S.-based multicultural market. As an example, a company with operations throughout Latin America reported the loss of a multi-million dollar deal because it was not represented by someone who knew the particular country and culture of the potential partner. The employee knew Spanish, but not the culture or the specific business context. The deal blew up and was lost. Lost deals resulting from lack of understanding of cultural traits; as well as lost time, productivity, and trust in business relationships hurts the bottom line. Many businesses have to rely on translations of documents or interpretations by third parties during business negotiations. As a result, they lose many of the nuances of the business culture and professional interactions. With the rise of globalization, more businesses need to be better informed about different religions and cultural symbolism, particularly concerning marketing campaigns.

CURRENT AND FUTURE LANGUAGES OF IMPORTANCE TO BUSINESS

Each region represented in the Language Summits and Metro Language Series had different emphases on languages of importance to the businesses from that area. However, in aggregate, the participants underlined the usage of Chinese, Spanish, Arabic, French (for Africa), Hindi/Urdu, Russian, and Portuguese (Brazil) as the most often needed in their current business activities.

In predicting needs five years from now, most participants noted Chinese. Many expect that it will become the “lingua franca” of Asia in the next decade. Spanish and Hindi/Urdu will take on more importance in the future. Most business representatives agreed that Portuguese, in the Brazilian market, would become increasingly important, as would languages of Eastern Europe as those markets and workforces become more viable for American businesses. Many predicted languages of Southeast Asia to take on more importance (e.g., Vietnamese, Bahasa, Thai, etc.) in the future as these are emerging markets and productive areas for manufacturing.

Participants were divided in their perceptions that English is taking on more importance worldwide. Many felt that the Internet, a great global marketing tool, is currently not, and will never be, dominated by the English language. The presence of languages on the Internet from growth areas such as Indonesia and India highlights the need for businesses to be able to communicate effectively on the Web in a variety of languages and at very high levels of marketing sophistication.

WHAT ROLES CAN BUSINESS PLAY TO EFFECT CHANGE?

During the Metro Language Series we asked the participants about what role companies and individual business people can play to respond to the need for a workforce empowered with language and cultural skills.

Engage Business to Support Advanced Language Education

Identify champions within the business sector to engage in a national dialogue that would make a movement to value language skills in the United States more visible to business and to the educational system preparing students for future careers. Collaborating with business and education, as well as with government agencies, can help effect change throughout the United States. Initiatives such as The Language Flagship should be made more visible to business by offering speeches at conferences (e.g., human resources and management conferences) and leveraging business media. In doing so, Flagship alumnus’ skill levels and accomplishments, as well as Flagship’s high standard of language proficiency, becomes more visible to businesses. Businesses could start immediately by offering scholarship funds for Flagship students to study overseas and by offering internships — in the United States and abroad — that would allow students a professional experience using their advanced language skills.

Improve Communication between the Business Sector and Education

Improve communication between the business sector and education by having business become more proactive in conveying its needs, relative to language and cultural skills, to those in higher education and in the K-12 system. Collaborating with educators will create a “pull” factor to bring students with these language skills into careers in business. Additionally, more communication could affect parents’ and teachers’ knowledge and perception of the important role of languages in business.

Effect Change within Corporations to Value Language and Cultural Skills

Encourage corporate management to perceive language skills as important to business success. Participants called for creating awareness within their corporations of the critical role of languages by underlining best practices and business successes. Revised hiring, compensation and retention plans

that reward those with useful language skills would change their human resources offerings. This would include supporting internal language education and executive leadership programs. Identifying champions within their companies will promote this message to upper management.

Affect Perceptions of the Value of Languages among Students, Parents, and the American Public

Affect the perception of the value of languages in business — and in general — among parents, students, and the public by making the value of it more visible. Talk to parents. Promote success

stories. Bring the “cool” factor of high technology to language education to engage more students. Engage professors outside of language education to counsel students on the value of their language skills in a professional business life (e.g., in engineering, business, medicine, law, etc.). Have students certified for their language skills at the university level without having to be literature majors. Influence public perception about the realities and demands of globalization, while at the same time effecting change on a local level, with families, educational institutions, and individual students engaging in a language education movement.

PARTICIPATING COMPANIES AND BUSINESS ORGANIZATIONS

The following is a listing of all the companies and business organizations that participated in the Metro Language Series (2008) and the Language Summits (2007) sessions.

- Axiom Corporation
- AEP Customer Solutions Centers
- Aero-Mod, Inc.
- Alutiiq International, LLC
- American Systems
- Anadarko Petroleum Corporation
- Athena Marketing International
- Berlitz
- Booz Allen Hamilton
- Bridge360
- Calfee, Halter & Griswold LLP
- Cascade Microtech
- Caspio, Inc.
- CH2M Hill
- CommuniCard LLC
- Coopetition, Inc.
- DotSUB, LLC
- Dynasty Resources, Inc.
- Electrical Geodesics, Inc.
- FedEx Trade Networks, Trade Services
- FEI Company
- General Dynamics Information Technology
- General Motors Corporation
- Globalization Partners
- Grange Insurance
- Growth-Link Overseas Company
- Harlem U.S. Exports Assistance Center/
U.S. Department of Commerce
- Hilton Hotels Corporation
- Htec Systems, Inc.
- IBM
- IBM Almaden Research Center
- International Trade and Economic Development
Division of Community, Trade, and Economic
Development (CTED)
- Knowledge Learning Corporation
- Language Access Network
- Language Learning Solutions
- Language Line Services
- Liebert
- McNeil Technologies
- Merrill Lynch
- Microsoft Corporation
- Nationwide
- Oliva Global Communications
- Oregon Community Credit Union
- Oregon Scientific
- Oregon Steel Mills
- Percipia
- PR Newswire
- Protostar Ltd.,
- Reser’s Fine Foods
- Raytheon International, LLC
- RF Arrays Systems
- Right Management
- Ryder/North Texas District Export Council
- Southwest Airlines
- Starbucks Coffee Company
- Sterling Commerce, an AT&T Subsidiary
- Studio One Networks
- TCS Expeditions
- The Boeing Company
- The Port Authority of New York City
& New Jersey
- The Regence Group
- Trade Development Alliance of Greater Seattle
- TS Tech North America, Inc.
- TZ Medical
- UPS
- U.S.- Algeria Business Council
- U.S. Bank
- Vorys, Sater, Seymour & Pease LLP
- Wal-Mart
- Web Head Group

