

## BRITISH BUSINESS THROUGH DUTCH EYES

*Tekst van de voordracht van Sir Colin Budd KCMG, voormalig HBM Ambassadeur voor het Verenigd Koninkrijk in Nederland voor de Nederlandse City Lunches op woensdag 26 mei 2004 in Londen.*

Apologies for my title ! In one sense you're all more qualified to address this subject than I am – since you actually have Dutch eyes, and study British business probably more than I do. My excuse is that I live all the time with 16 million pairs of Dutch eyes, and have in three years built up a collage of their views, based on an overview which few people have: seen with a 360 degree lens, instead of the narrower focus of most others. And because I'm not Dutch, I can be more objective!

I will try, by the way, to arrive at some constructive conclusions – but (being British) by an indirect, discursive route!

First, the underlying question: what do the Dutch, nowadays, think of the British? The most recent evidence is the "Volkskrant" survey of 2 May (based on a sample of 1096 adults). Nothing very surprising. Focused on UK/FR/BEL/GER. Asked which neighbour is the 'meest sympathiek', 46% said Belgium, 21% the UK, 18% France and 15% Germany. Asked which is the 'minst sympathiek', 49% said France, 25% Germany and 14% the UK (11% Belgium).

Some old truths remain: the mainstream Dutch view is that, of these four neighbours, France is the best place to go on holiday, narrowly ahead of the UK; Germany is the most important country for the Netherlands, because of its economic strength; Tony Blair is the leader the Dutch most respect (at 36%: compared to 18% Schröder and 14% Chirac). Put a different way, the Dutch are economically in the German sphere of influence, culturally and linguistically in the Anglo-Saxon sphere, and have (just like the British) a love-hate relationship with the French.

That you are economically in the German sphere is of course a truism. But it applies most of all to the MKB: het midden- en klein bedrijf. Because as is well known, at the large company level the Dutch have for one reason and another often opted for joint ventures with the British. Starting with Shell and Unilever, now extending to Corus, Reed Elsevier, Logica-CMG, and many more.

The British view of working with the Dutch is straightforward: that is, blithely patronising! From our end of the telescope the Dutch are seen as "good chaps", who stood shoulder to shoulder with us against successive European tyrants in the 16th, 19th and 20th centuries, who in the past were tough enough sometimes to beat us, who nowadays are tough enough to share with us the perils of Bosnia/Afghanistan/Iraq, whose national 'brand' in the British imagination is solely made up of benign elements, and whose past includes, like ours, the trials and treasures of empire. We see the Dutch as very solid people, excellent engineers, first class at executing projects, but by our standards as much too blunt!

The Dutch view of working with the British is slightly more complicated! There is a positive side to it – most of my conversations in NL on this subject begin with a long litany of Dutch complaints, but end with the admission that working in harness with British business is less difficult than working with other foreigners. There are, of course, always exceptions – but as a country you have a fairly vigorous set of prejudices against the Belgians, the Germans and the French. ING is getting a Belgian boss, Corus has got and KLM and Unilever are getting a French one, but the idea of systematic cooperation with those countries usually makes Dutch eyes roll. Working with the British, on the other

hand, is RELATIVELY easy. Not least because of the language: the Dutch nowadays are increasingly limited to only one foreign language, TTO onderwijs is growing apace, and 20% of all lectures at Dutch universities are given in English. But also because of the culture: the average inhabitant of the NL absorbs vast quantities of British television, tends to like the British sense of humour, and usually thinks that he/she understands the Brits, even if that confidence later proves to have been misplaced.

But it's only RELATIVELY easy. In three years I have talked to a very wide range of Dutch businessmen, and know quite well, in some cases very well, around 70 of the top 100. Early on in that process of acclimatisation I began to recognise a clear syndrome: a stream of resentment of British arrogance, dislike of (as well as admiration for) British irony and understatement, a general view of the Brits as patronising bastards who can't really be trusted. Though often expressed through the prism of the Corus story, there is also a rich seam of bitterness about British Airways, longstanding irritation on the Dutch side of Shell about the tendency of the Brits to think Shell is 60% British rather than vice versa, rueful reflection in Dutch Unilever about the difficulties of trying to run a joint venture with the Brits, and not so muffled frustration almost everywhere else.

Much of this is inevitable – the view that the smaller country will also see from its end of the telescope, even where it ISN'T the smaller partner of the two. In commerce, as in politics, the medium sized country tends to develop illusions of equality, with a dash of the Calimero complex thrown in – and certainly, if you try cooperating with British business on the assumption that your partner is going to be totally trustworthy and EERLIJK, you may well get disappointed. But as closer examination shows, that is only the beginning of the problem. Spanning the British-Dutch divide with what is now largely a common language by no means guarantees a cultural unity of approach.

All veterans of this terrain have their favourite stories. About how the Dutch assume that the business will be done during the meeting, on the basis of the agenda, while the British know the deals will be cut either before or after the meeting. How a Brit, presented with a Dutch idea which he or she thinks is totally loony, will describe it as very interesting, but possibly open to improvement via this or that change. How a British manager gives an instruction and expects it to be implemented immediately, whereas a Dutch manager knows that there will first have to be three months of overleg. How the Brits make better salesmen and the Dutch better engineers, and how Shell has tended to prosper when it remembered that rule.

There is however much evidence the other way. Many of you will know the work of Fons Trompenaars, management guru extraordinary. Especially his book "Riding the Waves of Culture". He starts from the assumption that if something works in one culture, there is little chance that it will work in another. But once one has penetrated the jargon of the management theorist, it is instructive to note, from the fruits of his research, how close British and Dutch attitudes often are.

Take the story of the car and the pedestrian. You are riding in a car driven by a close friend. He hits a pedestrian. You know he was breaking the speed limit. You are the only witness. His lawyer says that if you testify under oath that he was not breaking the speed limit, you may save your friend from serious consequences. What right does your friend have to expect you to protect him? A definite right, some right, or no right? In the Trompenaars' research, in 31 different countries, the % of those answering 'no right' or only 'some right', and refusing to testify, was 32 in Venezuela, 97 in Switzerland, 90 in NL and 91 in the UK. Or take the case of the bad restaurant run by a friend of yours, who wants you to write a newspaper review, saying how good the food is. Much the same outcome.

With the rather different question – do you prefer an organisation in which everyone works together and you do not get individual credit, or the opposite – of 43 countries analysed, Trompenaars finds that the % preferring a job where you CAN get individual credit varies from 40% in Egypt to 88% in the Czech Republic, but the UK and the Netherlands both come in at 70%. In many areas – especially how we manage time, how we handle feelings, our attitude to fate, our view of what makes a good manager, and our attitude to organisation – in all these areas, and more, the British and Dutch attitudes are strikingly close together. The Dutch tend to laugh at British humour. Our cultural values, when not identical, are often complementary.

So it is in a way not surprising that there are so many British-Dutch commercial unions. There IS an overlap of mentality: a common Anglo-Saxon something. Stiff upper lip overlapping with *nuchterheid* – choose your own description. In management consultant-speak: both cultures show a moderate individualism.

Yet, as I have already noted, there are important differences. The Dutch ARE more specific and direct. The English tend to disguise their true emotions, allowing them to emerge only through humour or alcohol – or, when out of control, through hooliganism. A famous Shell story has a Dutchman, returning from an interview with his English boss, telling a friend – [*ik citeer*] for a moment I thought he was going to fire me, but all he said was: “I suggest you need to consider another job” ! The English, as another Dutch saying has it, will only tell you that you are being strangled when you are not taking your last breath. Not to mention Dutch bafflement when confronted with the English reaction “I hear what you say” !

Let me, in conclusion, be more serious for a moment. My honest conviction is that the Dutch and the British, relative to their other relationships, still get on pretty well. But there is enough friction to provide food for serious thought. Why has there been so much bad temper over Corus? Why did KLM's talks with British Airways break down? Why is there an undercurrent of resentment, shared by many Dutch businessmen, about the way British businesses behave in their dealings with the Dutch?

Some of the bad feeling on the Dutch side is just the friction which is inevitable when the polder hits the big, bad world. Dutch businesses which conclude that there are overriding advantages in going global have to pay a price for that. Often that means, as in the Dutch legal world, the top salaries rising to levels which make the firm in question less *geniveleerd* than before. That can cause a lot of grief, as in the case of Wim Kok/ING. But it's hardly the fault of British business: more the impact of globalisation on the cosy old polder.

Sometimes, of course, there are functional, practical reasons why a given British-Dutch link doesn't work: the biggest obstacle to a BA/KLM merger was always that the tie-up simply didn't work in North America. But there are, I suggest, two other clusters of causes – which neatly enough fall one on each side of the divide between us.

There is certainly, however filtered through irony, humour or understatement, a good deal of British arrogance, or overbearing behaviour – which we ought to learn to filter out. What matters in life is the perception from the other end of the telescope. The British have too often tended to behave more like the manager of Manchester United than the manager of Arsenal. It's salutary to note that the manager who speaks softly and reasonably is often much more liked than he or she who uses a higher volume. I am personally a great admirer of the present French CEO of Corus, Philippe Varin. He

benefits, of course, in the context, simply from not being British – but there is also much to learn from his style. He combines empathy and subtlety and a readiness to listen with a great clarity of determination, and as a result people are inclined – even if they don't always agree – to listen to him. He may even be able to sell off the aluminium poot.

On the Dutch side, I see the main problem as being a quite widespread, though certainly not universal, tendency to fall victim to illusions of equality. The Dutch have not always shown a great sense of reality in accepting that size and power matter. Corus took over Hoogovens, and did not merge with it – yet to this day most Dutch observers think it was a merger, with all the emotional consequences which flow from that, because much of the Dutch media presented it as a merger. It strikes me at least as progress that the Air France takeover of KLM has, from the beginning, and despite all the pain involved, been described as a takeover.

Since the Dutch are no fools, there are plenty of Dutch players in these games who DO recognise the importance of throwweight. The essential key within Shell, it seems to me, is that while the Dutch hold 60% of the shares there is nonetheless an effective balance, because the British government generally has more power and influence than the Dutch. There are British directors of Shell who see a case for turning it into a fully Dutch business, but the Dutch directors prefer the status quo – pointing eg to the recent success in Libya as something which the Dutch on their own might well not have achieved.

Whatever the reasons for Shell's recent problems they were and are not, so far as I can see, problems between the British and the Dutch. Nor are there such problems in Reed/Elsevier, which has long been guided by the shrewdness of Morris Tabaksblat, who knows a thing or two about how to navigate these waters. Reed/Elsevier, again, was from the start a full-blooded takeover. Nor are there serious problems in Logica-CMG, where the fusion came just at the right time for Cor Stutterheim, who was able to step down somewhat just when it suited him.

Corus certainly has caused a lot of bad temper, the reasons for which are pretty clear. But if you look at its share price over the last 18 months, something must be going in the right direction – and I'm confident that one of the main bones of contention, the paucity of Dutch representation on the board, will over time be set right.

My overall conclusion, you will not be surprised to hear, is that there is much more right in the bilateral business relationship than there is wrong. There will always be episodes and incidents, because forming an international company asks a lot of everyone involved. Sometimes things get out of kilter, and need to be corrected. But provided that's done, a great deal of value can be added, and synergy achieved, by the international method. If British/Dutch linkups tend to happen more often than others – you may have noticed another coming to fruition last week: Apax's takeover of the heart of the Dutch press – there must be rather a lot of potential pluses, as well as the occasional minus. Perhaps it is just the fact, as I said earlier, that working with the Brits is less bad than putting up with the Belgians, the Germans or the French. But more probably it owes a lot, too, to a largely shared political mind set, to temperaments which are in some ways different but in many markedly similar, and to – I think – a shared sense of humour. Why else are the old British comic series replayed so endlessly on Dutch TV?!

I hope, however, that I have said enough to make clear my awareness of the mistakes sometimes made on the British side, and of the need for that to change. If there could be change on the Dutch side, too – a little less moaning, perhaps, about the difficulties of being Calimero – that would be an extra bonus!

Bedankt voor uw aandacht.