

ACCORDING TO *Forbes* magazine, Sweden is the most brand-conscious nation in the world. IKEA, Volvo, Ericsson, Electrolux, ABB, Scania, SAAB, Absolut, Hennes & Mauritz, AstraZeneca, Alfa Laval and Tetra-Pak are all names readily associated with their Swedish origins. They are also successful. In a recent survey of countries with the fastest-growing companies, Sweden came in fourth (after the US, India and Hong Kong).

“This is a mystery to me,” commented an Australian colleague recently. He had lived in Sweden for three months and was returning to the Netherlands, which he considered “a much tougher work environment – more like Australia”. How do these Swedish companies succeed, he wondered, with their long holidays, generous sick leave and remuneration, mandatory parental leave, endless coffee breaks, and long meetings in which decision-making was avoided? How has Sweden achieved such an impressive track record in corporate sustainability and international profitability?

Like my Australian colleague, I have also been mystified – after some 18 years of living and working in the Nordic countries – about how the Swedes’ seemingly non-competitive, non-confrontational and “soft” approach to international business continues to reap rewards.

Sweden’s neutrality during the war years and a strong post-war economy no doubt helped consolidate the interests of many Swedish companies, but already in 1936 an American journalist, Marquis Childs, suggested that the success of corporate Sweden was based on Swedes’ “willingness to adjust, to compromise ... [Swedes] are the ultimate pragmatists, interested only in the workability of the social order.” Recent history suggests this analysis applies

THE SWEDISH MESSAGE

THERE’S MORE TO SWEDISH STYLE THAN IKEA OR VOLVO. WHEN IT COMES TO DOING BUSINESS, THE SWEDES ARE WORLD-CLASS LEADERS AT CALCULATING WHEN ENOUGH IS ENOUGH

STORY JOHN ALEXANDER // ILLUSTRATION GREGORY ROBERTS

THE SWEDISH BUSINESS STYLE IS THE MOST FEMININE IN THE WORLD. IT'S MORE CO-OPERATIVE THAN COMPETITIVE

in the political sphere too: the election in September of a new national government can be partly attributed to the winning party renaming itself the “New Moderates” after rejecting the radicalism of its predecessors and shifting towards the centre.

JUST RIGHT The “middle way” permeates the Swedish business climate to the present day. There is an expression for this: “lagom is best”. Lagom means “not too much and not too little – just the right amount”. The lagom notion of nothing in excess is a key to understanding the Swedish mentality, both in business and in private. Lagom is imbued in the Swedish management style based on teamwork, collaboration and collectivism.

One theory about the origin of the word is that it comes from Viking times when beer was drunk from the large collective bowl. Om means around, and lag means team. When you sat around a large table with 20 or so Vikings, your options were clear. If you drank too little, you would look feeble. If you drank too much, you risked incurring the displeasure of your fellow drinkers. So you drank enough to go lag om – around the team. Not too much and not too little. It helps explain what has become the essence of Swedish business practice – consensus.

According to Dutch academic Geert Hofstede’s study of cultural dimensions in more than 50 countries, the Swedish business style is the most feminine in the world. Japan is the most masculine; Australia is on par with the US at around 15th place. A feminine business culture, according to Hofstede, is non-hierarchical, service-oriented, and more concerned with group relationships than titles and positions on the corporate ladder. The feminine business culture is more co-operative than competitive, and this is where group consensus is a defining factor of Swedish decision-making processes.

A German management team, working for a Swedish banking organisation, expressed their bewilderment at this Swedish notion of consensus. “It is not possible,” said one of the team members at a German-Swedish seminar. “The whole point of a meeting is to express differences of opinion, not to express the same opinion.” The German approach to management

and leadership is based on hierarchies, management levels and a clearly defined chain of command. There is one person responsible for making a decision. How could Swedes be so synchronised as to always agree with each other?

A Swedish team member described the process with a single word: förankring – to secure or anchor; to make sure you have acceptance for an idea before you throw it out to the group. When does this förankring take place? During the coffee breaks (Swedes and Finns have the highest per capita consumption of coffee in the world), around the water cooler, or in a telephone call the evening before a meeting.

To the outsider it sounds like lobbying. For the German team members it was dishonest. The whole point of a meeting, they said, is to deal with conflicts. No, argued the Swedes; the point of a meeting was to avoid conflicts.

DRESS CODE In most business cultures there are defining codes of leadership – dress style, office size, chair size, position at the boardroom table, title, form of address – some recognisable sign of being in charge. In Germany and France the boss usually wears the best suit, drives the best car, and takes charge. In the UK and the US the boss comes in after everyone else has arrived; often everyone stands, then sits down when he/she sits down.

In every country, in every business culture, there are prescribed codes and behaviour that distinguish the person in charge. In Sweden these codes are more subtle, and for an outsider, more difficult to discern.

At a company meeting I attended, the predominantly male board of directors of a major Swedish bank sat down at the conference table. Everyone was on first-name terms, dressed in the same grey suits. There was no apparent leader, no head of the table. One man turned to his colleague and remarked: “Warm today, don’t you think?” He removed his jacket and hung it on his chair. “Yes,” said his colleague, and did the same. Then the other men followed suit. They all took off their jackets, hung them on the back of their chairs, and sat down.

“Warm today isn’t it...” That man was the boss – he was the guy in charge. Not that he would admit it, nor would his colleagues suggest that was the case. But in a conference room in Stockholm, that is one of the few clues you’ll get.

Swedish leadership is a low-key affair. “Swedish bosses are the weakest in Scandinavia” ran a Swedish business magazine headline in a survey on Nordic leaderships styles. Yet if a Swedish boss made a show of asserting authority, that would be taken as a sign of weakness. By Swedish standards a good boss is supportive, allowing “individual freedom ... plus responsibility”. A German colleague remarked that in Germany, when the boss comes to speak to you, you think “trouble”; in Sweden if the boss does not speak to you, you are in trouble – you are being “frozen out”. It is an unusual corporate structure that would enable a Swedish boss to make a major decision without group consultation.

ALL ABOUT CONSENSUS

HOW to get consensus

- Investigate: do background research to discover whether consensus is viable and where you can find it.
- Secure: get agreement beforehand. This can be in the form of phone calls the day before a meeting, informal snippets of dialogue at the water cooler or coffee break, or a few diplomatic emails.
- Agree: co-operation to the Swedish mind, conformity to the non-Swede.

Consensus: strengths

- Avoids confrontation
- Most people support decision
- Implementation is fast once consensus is reached
- Everyone is (or can be) involved in the decision-making process
- Decisions are long lasting.
- Encourages group commitment and team spirit.
- Short-term frustration; long-term benefits.

Consensus: weaknesses

- Time consuming
- Agreement may be result of group pressure
- Who makes the decision, finally?
- Does not encourage diversity.
- Dissenters can be ostracised.
- Consensus decisions might eliminate/avoid radical solutions or creative (eccentric) problem-solving.

Consensus: verdict

Different cultures have different attitudes to the Swedish ideal of consensus:

- Germany: impossible
- US: weak leadership
- UK: vague – who makes the decision?
- Finland: someone must decide
- Asia: incomprehensible
- Russia: ineffective and time-wasting
- Australia: choose your own adjective

GAINING CONSENSUS AVOIDS CONFLICT AND ENSURES FAST IMPLEMENTATION OF THE DECISION

THE SWEDISH COACH Swedish companies often refer to their “coach-style” management, but this can be confusing. In the sporting world a Swedish coach discusses, suggests, opens up a dialogue. Sven-Göran Eriksson, a former England soccer team manager, is a good example: low-key, analytical and non-confrontational. A coach in Australia, the UK, the US or Germany is more the person in charge: someone who instructs, delegates and gives orders.

An “open-door” leadership style is a better definition than “coaching” simply because it avoids the semantic confusion that arises when different cultures talk about coach-style management. A Swedish managerial “coach” is something peculiarly Swedish. When leadership expert Kenneth Blanchard describes coaching as one of four basic leadership styles, he uses terms such as structure, control, supervision. The “coaching-style” leader “directs and supervises, explains decisions, solicits suggestions, and supports progress”. The undertone of authority described here is not alien to corporate Sweden, just uncommon. More prevalent is the supportive and delegating approach to leadership with a focus on “praise, listen, facilitate” (Blanchard’s words).

Open-door leadership focuses on communication and adaptation. In the late 1980s Ericsson won a major contract in France, competing against the more favoured Siemens and AT&T. According to the French ministry, the decision was based on the Swedish team’s high-level communication skills (emphasis on “team”), and the only company to include local cultural adaptation into their proposal.

In the late 1990s, Volvo chairman Leif Johansson, orchestrated the most traumatic of Swedish corporate mergers: the sale of the Volvo Car Corporation to Ford. When his predecessor, Pehr G. Gyllenhammar, attempted a similar merger with Renault some years earlier, the deal collapsed and Gyllenhammar resigned. The success of the Ford deal and the failure of the Renault proposal can be attributed to a range of factors, including timing and cultural considerations, both corporate and national. Another factor relates to leadership styles that in turn determined the style of the merger process.

Johansson’s Volvo–Ford deal aroused little protest in Sweden – rather an acknowledgement that this was the correct and practical course of action. Johansson, a modest and unassuming CEO, was formerly the head of Electrolux where he maintained an open-door policy – an Electrolux employee with an idea or a grievance could find a sympathetic ear. Johansson’s style – unlike Gyllenhammar’s – is more that of the Swedish team coach: conciliatory, not confrontational; communication based on proposals, not directives. (Gyllenhammar, once described as *osvensk* – or un-Swedish – in his leadership style, moved to London after the Renault merger fell through.)

The business philosophy of “knowing and feeling needed” is the foundation of IKEA’s success under the leadership of founder Ingvar Kamprad. IKEA stands for Ingvar Kamprad of Elmtyrd in Agunnaryd – the Småland community where he grew up – a region in Sweden known for its down-to-earth and thrifty approach to business.

It is these values he has incorporated into the IKEA concept – today an international chain of 150 outlets in 30 countries. The outlets maintain a Swedish profile, keeping difficult-to-pronounce Swedish names for the furniture and items, and serving Swedish meatballs in the restaurants. If there is little to write about Kamprad as a personality, it is because he represents the unassuming and modest Swedish style of businessman, who – in keeping with the Swedish leadership style – addresses the outside world with overt modesty. His advice for sound leadership? Hug your fellow workers – which prior to retiring to Switzerland, he did regularly.

Swedish-style consensus may be too collectivist for the Australian cultural mindset (“individuals and proud of it”), even though the common ground for managers and leaders from both countries is a relatively flat management approach. Egalitarianism is a cultural priority in both Australia and Sweden: a first-name approach at all levels, straightforward communication and openness to new ideas.

Consensus isn’t right for everyone and every situation. It can be a time-consuming process; it can slow down effectiveness. It is only when business is running smoothly that consensus leads to long-term decisions, sustainability and broad participation. In times of crisis or a turbulent market, consensus is an ill-afforded luxury where delays mean lost opportunities.

But when consensus does work, there are handsome pay-offs. Gaining consensus avoids confrontation and ensures fast implementation of the decision. A decision may take time, but once it has been made it is quick to implement because everyone has declared their support. **B**

*John Alexander is a former Australian journalist who has worked in France, Iceland and the UK and runs cross-culture seminars throughout Europe. He is the author of *How Swedes Manage* (InterMedia Publishing, 2000, revised 2006), available from the Sweden Bookshop run by the Swedish Institute (www.si.se). His website is www.johnalexander.se*

AUSTRALIAN INDIVIDUALISM V SWEDISH COLLECTIVISM

BEFORE THE Sydney Olympics, the Swedish Olympic Committee asked for a presentation on Australian lifestyle, Australian values and Australian-Swedish cross culture. The committee president, Gunilla Lindberg, had noted that in terms of co-operation this was shaping up as the best co-ordinated games she had been involved with since she started in 1969. "It seems that Australians and Swedes think in similar ways," she said. "Straightforward, uncomplicated, down to earth."

In some respects this is so, and considering the distances between the two countries the levels of co-operation at a corporate level are impressive. The signs of constructive Swedish-Australian relations abound: the strong presence in the Australian market of Swedish brands such as Ericsson, Volvo, Electrolux and IKEA; the Australian

government's generous work visa policy for Swedes under 26; positive Swedish attitudes towards Australia (recently voted the most desirable travel destination).

But the differences between our cultures were illustrated at the same pre-Sydney Olympic meeting attended by 150 Swedish sports competitors. A participant introduced himself – the one person not wearing the Olympic team jersey. (I was also asked to wear one for the presentation – in the spirit of the team and Swedish group spirit). He was an Australian coach training a Swedish team. "I'm having a difficult time with Swedish consensus and collective thinking," he said. "I see it as not having respect for authority. They won't do as they're told." In this respect Australian individualism is quite distinctive from the Swedish view of leadership: in

Sweden the boss is not meant to tell people what to do; the boss is meant to listen.

Another example from the sporting world: Early in her career, Sweden's Annika Sörenstam – the world's leading woman golf champion – went to the US for a three-month personal training program with one of America's top golf coaches. She returned to Sweden after two weeks. "It was impossible," she said. "He never listened – he was telling me what to do!"

The "coach-style" Swedish manager treads softly and carries a notebook, not a stick; treats staff like fellow workers instead of employees (Ingvar Kamprad); ensures the door is always open (Leif Johansson); talks in a quiet voice, asks questions, shows interest and gets opinions (Sven-Göran Eriksson); and if too pushy, finds himself exiled overseas (Pehr G. Gyllenhammar).