How to establish a US-FSU high technology business relationship.
Assumptions:

- Until the recent economic downturn and the WTC bombing, there was an oversupply of technical (mathematical and engineering) talent in the FSU, and an undersupply in the US.
- This situation will return.
- Why not take advantage of this relative imbalance?
    - Communication barriers
        - US lawyers and MBAs expect to see a Western style business plan
            - FSU "bosses" lack experience in this
        - FSU "bosses" and engineers expect that superior technology should win on its merit, alone.
            - In point of fact, "technology" is only one of many factors that contribute to the success of a new or improved product.
    - Lack of trust on the US side
        - Designing new products is different than cheap labor to manufacture tennis shoes.
    - The "not invented here" syndrome
        - "'They' will break it"
        - "I will be out of a job"
    - Lack of knowledge in the FSU regarding US business practices and constraints
        - Customer support
        - Quality assurance and testing
        - Time to market
        - Ease of use
    - Poor FSU infrastructure (although this is changing fast in some areas)
    - Have you seen or experienced other obstacles?
    - Can you think of others?
- How to overcome these barriers to success
- Trust must be established
- There are two kinds: personal and institutionalized
    - In the FSU, people and businesses rely on personal relationships and trust based thereon.
    - Some Western businesses also use this model, for example, the diamond exchange.
    - Most, however, use institutionalized trust based on contracts and the threat of or actual litigation.
- Until institutional trust and the infrastructure to support it are established in the FSE, personal trust has to be made to work. This requires recognition of the problem and effort to solve it on the FSU side and a receptive advocate on the US side.
- Communication is easier between senior technical people than between business leaders and executives.
    - Technical leaders have the common bond of solving technical problems and the common language of mathematics and science. They appreciate the same things and have the same values.
- Therefore, the first step should be to establish a "safe" meeting between the most senior technical experts possible without lawyers. MBAs, or "bosses". This already requires a significant amount of trust, both on the part of senior management of their

respective technical leaders, and on the part of the technical leaders for each other.

- Steps to get to the first meeting:
    - FSU side:
        - Know the business of your prospective partner.
            - What do they produce?
            - What makes their products successful?
            - Where could they use help?
            - How can superior FSU technology be used to improve products or enable them to be made less expensively?
        - If you are not convinced there is a good fit that will enable you to help your partner become more profitable, look for another partner.
        - Beware of "brokers" who want too large a "cut" of the deal
    - US side:
        - The key is to get the meeting with the CTO or even better, the Chief Scientist.
            - Attend a conference at which he/she is giving a talk.
            - Send email asking for a meeting.
            - Try to get enough time to explain your technology and why it will benefit the prospective partner.
            - A conference venue is good because it is "newtral" territory.
- What you want from the first meeting.
    - That the Chief Scientist will propose even a very small project to begin with, just to see if the logistic problems in working together can be solved.
    - The goal should be to contribute in some way to a product that ships or will ship to customers.
        - For example, even executing and reporting the results of product tests is a fine first step.
        - Do not be "put off" if the first tasks given to you are not "brain food". You must earn the trust required for your partner to give you "brain food".
        - Try to get something you have done successfully into the hands of your partner for shipment to customers in less than one year from the start of the project.
        - Never be late with a delivery.
        - Never ever negatively impact your partner's shipping products.
        - In this respect, be "invisible".
- Rotators:
    - As quickly as possible, establish a rotation program where engineers (not bosses) from your project will visit your US partner for up to 4-5 months at a time using a B1 visa. The purpose is **not** to work (although work will be done). The primary purpose is to deliver, test, and install work that has been done in the FSU and to learn about and get new assignments for the FSU team.
    - Other critical tasks for the rotator are to:
        - learn as much as possible about what is important and why, so that the FSU team can understand what is important and what is not. What is "said" to be important, may not always be.
        - Keep the FSU team informed about what is going on.

        - Test and install deliveries from the FSU so that they appear as if by "magic" with as little disruption of the US partner's engineers as possible.
        - You may only get an opportunity to cause a problem one time. Then all the skeptics will be able to say: "I told you this will not work."
        - Once the rotator is engaged in meetings where designs and plans are discussed, be sure to mention, perhaps after the meeting, that there are tasks that could be done by the FSU team. The partner may not "bite" the first time, but eventually there will be a task for which there is insufficient staff and sufficiently small risk that it will be "worth a try".
    - Rotators should overlap for about two weeks, so there is a smooth transition and as few breaks as possible in the flow of information and deliveries.
    - FSU deliveries should be scheduled about two weeks in advance of US deliveries, so there is time to fix any problems. Never ever be the cause of a schedule slip!
- Gradually and steadily take on more challenging tasks. Finally, there will come a day when there is a task that everybody in the US says is impossible to accomplish in the available time. If you are reasonably sure it can be done, ask to have it. The team may need to work nights, weekends, holidays, whatever. It does not matter if you succeed. If successful, you will have "established your bonafides", and will now be considered to be part of the team.
- Regular social events, at which there is an opportunity to interact with the US team members is almost a requirement. You must work to break down any "us versus them" feelings that may exist. Establish yourselves as members of the team.
- In this connection, it helps to have a strong advocate for the relationship within the US organization.
- You can read about how we followed this model at Sun. Actually, the model has come about from watching what we did and why it worked.
- Finally, a theory of relationships called Equity Theory can be very useful when choosing and interacting with a partner. The ideal relationship is one in which the two partners contribute and receive very different things from the relationship. Ideally contributions are easy for both and the rewards are highly valued. This tends to cement the relationship and make it stable.
- As projects grow and become more visible, there will come a time when the lawyers and MBAs will want to "institutionalize" it. No matter the level of personal trust, at this time let any business negotiations be handled by the best US lawyer you can afford. There are some excellent law firms that specialize in FSU relationships and have offices both in the US and in Moscow.
- In spite of difficult business negotiations that may be required on the part of your lawyer, try not to let this interfere with the personal relationships on which day-to-day interactions and teamwork are based. This may take a conscious effort.
- By establishing a relationship based on honest and open communication, even about difficult and unpleasant topics, the relationship will survive whatever comes. It helps to make this commitment as early as possible and then to remember it.