

11.7: Tips in Your Walkabout Toolkit

Negotiating for Success across Cultures

Your understanding of culture will affect your ability to enter a local market, develop and maintain business relationships, negotiate successful deals, conduct sales, conduct marketing and advertising campaigns, and engage in manufacturing and distribution. Too often, people send the wrong signals or receive the wrong messages and, as a result, become tangled in the cultural web. In fact, there are numerous instances where deals would have been successfully completed, if finalizing them had been based on business issues alone. Just as you would conduct a technical or market analysis, you should also conduct a cultural analysis.

It's critical to understand the history and politics of any country or region in which you work or with whom you intend to deal. It's important to remember that each person considers his or her "sphere" or "world" the most important; this forms the basis of his or her individual perspective. We often forget that cultures are shaped by decades and centuries of experience and that ignoring cultural differences puts us at a disadvantage.

In general, when considering doing business in a new country, there are a number of factors to consider. Make sure to learn about the country's history, culture, and people, as well as determine its more general suitability for your product or service.

When you're dealing and negotiating with people from another culture, you may find that their business practices, communication, and management styles are different from what you are accustomed to. Understanding the culture of the people with whom you are dealing is key to successful business interactions as well as to accomplishing business objectives. For example, you'll need to understand the following:

- How people communicate
- How culture impacts how people view time and deadlines
- How they are likely to ask questions or highlight problems
- How people respond to management and authority
- How people perceive verbal and physical communications
- How people make decisions

The following are some tips on how to negotiate for success and avoid certain cultural pitfalls.

1. One of the most important cultural factors in many countries is the importance of networking or relationships. Whether in Asia or Latin America or somewhere in between, it's best to have an introduction from a common business partner, vendor, or supplier when meeting a new company or partner. Even in the United States or Europe, where we like to think that relationships have less importance, a well-placed introduction will work wonders. Be creative in identifying potential introducers. If you don't know someone who knows the company with which you would like to do business, consider indirect sources. Trade organizations, lawyers, bankers and financiers, common suppliers and buyers, consultants, and advertising agencies are just a few potential introducers. Once a meeting has been set up, foreign companies need to understand the local cultural nuances that govern meetings, negotiations, and ongoing business expansion.
2. Even if you've been invited to bid on a contract, you're still trying to sell your company and yourself. Don't be patronizing or assume you're doing the local company or its government a favor. They must like and trust you if you are to succeed. Think about your own business encounters with people, regardless of nationality, who were condescending and arrogant. How often have you given business to people who irritated you?
3. Make sure you understand how your overseas associates think about time and deadlines. How will that impact your timetable and deliverables?
4. You need to understand the predominant corporate culture of the country with which you're dealing—particularly when dealing with vendors and partners. What's the local hierarchy? What are the expected management practices? Are the organizations you're dealing with uniform in culture or do they represent more than one culture or ethnicity? Culture affects how people develop trust and make decisions as well as the speed of their decision making and their attitudes toward accountability and responsibility.
5. Understand how you can build trust with potential partners. How are people from your culture viewed in the target country, and how will this view impact your business interactions? How are small or younger companies viewed in the local market? Understand the corporate culture of your potential partner or distributor. More entrepreneurial local companies may have more in common with a younger firm in terms of their approach to doing business.

6. Understand the different ways that people communicate. There are differences in how skills or knowledge is taught or transferred. In the United States, we're expected to ask questions—it's a positive and indicates a seriousness about wanting to learn. In some cultures, asking questions is seen as reflecting a lack of knowledge and could be considered personally embarrassing. It's important to be able to address these issues without appearing condescending. Notice the word is appearing—the issue is less whether you think you're being condescending and more about whether the professional of the differing culture perceives a statement or action as condescending. Again, culture is based on perceptions and values.
7. Focus on communications of all types and learn to find ways around cultural obstacles. For example, if you're dealing with a culture that shies away from providing bad news or information, don't ask yes-or-no questions. Focus on the process and ask questions about the stage or deliverable. Many people get frustrated by a lack of information or clear communications. You certainly don't want to be surprised by a delayed shipment to your key customers.
8. There are no clear playbooks for operating in every culture around the world. Rather, we have to understand the components that affect culture, understand how it impacts our business objectives, and then equip ourselves and our teams with the know-how to operate successfully in each new cultural environment. Once you've established a relationship, you may opt to delegate it to someone on your team. Be sure that person understands the culture of the country, and stay involved until there is a successful operating history of at least one or more years. Many entrepreneurs stay involved in key relationships on an ongoing basis. Be aware that your global counterparts may require that level of attention.
9. Make sure in any interaction that you have a decision maker on the other end. On occasion, junior people get assigned to work with smaller companies, and you could spend a lot of time with someone who is unable to finalize an agreement. If you have to work through details with a junior person, try to get a senior person involved early on as well. This will save you time and energy.
10. When negotiating with people from a different culture, try to understand your counterpart's position and objectives. This doesn't imply that you should compromise easily or be "soft" in your style. Rather, understand how to craft your argument in a manner that will be more effective with a person of that culture.

Entrepreneurs are often well equipped to negotiate global contracts or ventures. They are more likely to be flexible and creative in their approach and have less-rigid constraints than their counterparts from more-established companies. Each country has different constraints, including the terms of payment and regulations, and you'll need to keep an open mind about how to achieve your objectives.
11. Even in today's wired world, don't assume that everyone in every country is equally reliant on the Internet and e-mail. You may need to use different modes of communication with different countries, companies, and professionals. Faxes are still very common, as many people consider signed authorizations more official than e-mail (although that's changing).
12. As with any business transaction, use legal documents to substantiate relationships and expectations. Many legal professionals recommend that you opt to use the international courts or a third-party arbitration system in case of a dispute. Translate contracts into both languages, and have a second independent translator verify the copies for the accuracy of concepts and key terminology. But be warned—no translation can ever be exactly accurate, as legal terminology is both culture- and country-specific. At the end of the day, even a good contract has many limitations in its use. You have to be willing to enforce the penalties for infractions.

The key words to remember for entering any new market successfully are *patience*, *patience*, and *patience*. Flexibility and creativity are also important. You should focus on the end result and find unique ways to get there.

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