

# Rules of Engagement

## Exporting – Part IV

*"Doing the right thing" may be different overseas.*

*The basics of etiquette abroad will help smooth your path to successful dealing.*

Lawrence M. Kohn

**P**utting one's best foot forward is important for successful business communication. And successful business people know the "rules" of the game, what to say and do in business situations, to make the best impression. However, these rules change from country to

country, and what is appropriate behavior here may appear rude to someone from Latin America, Europe or Asia. To help you become more familiar with some of the different rules of engagement in other countries, *Gear Technology* spoke with three businessmen who have had extensive contacts in various

### The Well-Bred Traveler in Latin America

**Names:** In Latin America it is customary not to use a person's first name until invited to do so. This may not happen until you have met two or three times or even longer. Using titles such as *señor*, *señora* or *señorita*, is also important.

**Meals:** The long lunch (2-3 hours) with several courses and wine or drinks is traditional. This is the big meal of the day, and much business entertaining is done over lunch. Many businesses close for the afternoon, but beware: no matter how big the lunch, Latin Americans go back to work afterwards.

**Gifts:** Giving gifts is always welcome, especially at first meetings, but not mandatory. If one is invited to a person's home, a gift is always appropriate, but be careful of color choices in flowers. Yellow, for example, is a symbol of death or contempt in some Latin American countries. Gifts should be brand names and high quality.

**Personal Space:** Latins are more "touchy-feely" than Americans, putting an arm around a shoulder or using a double-handed handshake. They stand closer, within "kissing distance," and make strong eye contact. Try to avoid the almost instinctive reaction of backing away.

**Conversation:** Avoid the subjects of religion or politics. Base compliments on personality or character, not on possessions. Tell your host he has attractive children or that his wife is an excellent cook, rather than comment on his expensive car.



## MANAGEMENT MATTERS

parts of the world.

### *Simpatico* in Latin America

According to Ed Cherry, partner in the law firm of Farella, Braun & Martel, San Francisco, who was born and raised in Latin America, the overriding factor when doing business there is *simpatico*. He says: "You have to get along well on a personal level with someone with whom you are going to do business consistently. That's very different from the U.S., where we tend to be much more oriented toward the bottom line. Here, so long as the person gets the job done, it doesn't matter if he or she is someone you'd like to spend time with. That's not the case in Latin America."

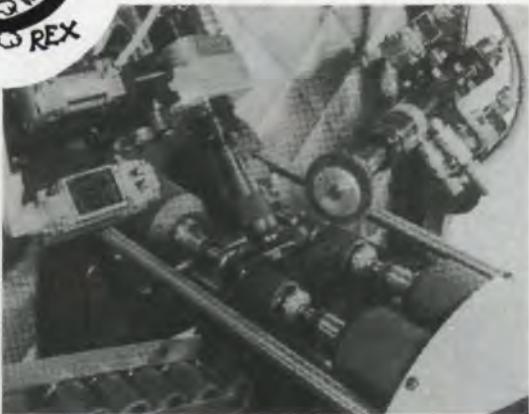
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According to Cherry, this *simpatico* does not mean you have to be best friends with your business partner, but you will have a much closer relationship than you would develop with a business acquaintance in the U.S. "It doesn't need to be a lasting social friendship, but it does need to be a very comfortable and personable relationship. You will develop a closeness. Your business partners will be people you enjoy being with and they will enjoy being with you."

The importance of *simpatico* is reflected in the way that business negotiations are conducted in Latin America. Cherry explains it this way: "In both the U.S. and Latin America, there's a kind of dancing that occurs when negotiating a deal, but it's a different kind of dance." In the U.S., the dance occurs on business terms. Both sides put up proposals and go back and forth, with people playing their cards close to their chests, until an agreement is reached. In Latin America what Cherry calls "the relationship dance" occurs first. The purpose of this process is to discover whether the other person is one with whom you want to do business; whether you and the other person are *simpatico*. If the answer to that question is "yes," then you go on to the details of the deal.

Another reflection of this *simpatico* is that in Latin American countries, there is much less emphasis

on the written documentation of business deals. Says Cherry, "[In Latin America] a joint venture agreement could easily be just three or four pages long, whereas in the U.S., the terms sheet would be 20 pages long, and the actual documentation would typically be 100 or more pages."

### The Many Faces of Europe

For advice on the rules of engagement in Europe, we spoke with Richard L. Philson, managing director of Heller Europe, a firm based in London that controls joint ventures in 11 European countries.

His first general observation is that: "... other than the differences in language, the business people are not that much different than they are in the U.S. Business is business just about anywhere you go, and everyone's looking to do anything that makes good business sense. What you have to be sensitive to, though, are the subtle differences, and these you pick up over time as you work in these countries."

He goes on to explain some of these subtle differences: "In the Benelux countries, especially Belgium, their business attitude is very soft-spoken. They're very willing to negotiate and compromise, and they are perhaps more driven by the quality of life than by the bottom line. On the other hand, Holland and the U.K. are very much like us. If anything, the Dutch are more aggressive

than we are. They're true internationalists. In Southern Europe, France and Spain, you find a much more nationalistic attitude. They are very protective of their own traditions and business values, but, again, they are willing to accept anything that makes good business sense."

Roots are very important in continental Europe, more so in some countries than in others. People are reluctant to relocate, having lived sometimes for generations in the same area if not in the same house. This sense of permanence is reflected in

business attitudes. It is important for Europeans to know well the people with whom they do business. Says Philson, "They're going to want to get to know you, spend some time with you and understand your thinking before they're really willing to open up and discuss a possible business relationship."

Because of this, Americans need to learn to control their impatience to "cut to the chase" in a business discussion. As Philson points out, "If you were doing business in, say, France, you probably would have your early-on

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### The Well-Bred Traveler in Europe

**Names:** Using first names is okay everywhere in Europe, except in German-speaking countries. There, you should never use a person's first name unless invited to do so. This invitation implies that you have developed a personal and social relationship that goes beyond business.

**Meals:** As in the U.S., much business is done over meals. The attitude about alcohol with meals will vary. In southern Europe, wine and aperitifs are served with most meals. The Benelux countries and the U.K. tend to follow the American custom of not mixing alcohol with lunch meetings. They save it for evening entertaining. **WARNING:** Southern Europeans HATE breakfast meetings. Schedule something for the evening instead, and note that in Spain, dinner may be as late as 10:00 or 10:30 in the evening.

**Gifts:** Giving small gifts is appropriate. Something reminiscent of the U.S. — say a souvenir of the World Series — is acceptable. If invited to someone's home, flowers are always a safe choice. Don't bring wine. It suggests you don't trust the host to choose one appropriately, and he will feel obligated to serve yours.

**Personal Space:** Most Europeans share the same concept of personal space as Americans.

**Conversation:** Politics is an appropriate subject; religion is not. Outside interests, cultural matters, hobbies, etc. are all good topics of conversation.

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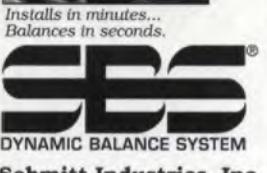
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negotiations and meetings over a meal. This meal would include discussion of both American and French politics, personal interests, all the liberal arts subjects, and this could go on for the better part of an hour before you would even begin to think about discussing the possible business relationship."

On the other hand, in countries like Holland or the U.K., people are apt to be much more direct and ready to get to the point.

Perhaps because of the sense of stability mentioned earlier, a person's age may play some role in success in negotiation. Philson suggests that a younger American will find it to his or her advantage to defer to the advice of older, more seasoned European colleagues when possible. Rightly or wrongly, they are perceived as having wisdom and experience beyond that of younger people.

This same respect for history will apply to a European's analysis of your company. He or she will have studied not just the last two or three years' performance, but will probably have researched it back fifteen or twenty years, and is not apt to be impressed with just a few good years.

The attitude toward documentation varies in Europe from north to south. In northern Europe, the documents will relate more to the business than the legal aspects of the arrangement, and they will be the law that governs your relationship. In southern Europe, while the documents are important, your personal understanding with the individual with whom you're doing business is even more important. Philson says, "No matter how carefully the documents have been prepared, I'd rather have a handshake."

#### Asian Observations

For advice on Asian cultural differences, we went to John A. Taylor, Valuation & Realty Consulting Group Director for Japanese and Client Services at the Los Angeles offices of Deloitte & Touche, an international professional services firm. He has travelled extensively in Japan, and his wife is a Japanese national.

Taylor suggests that basic to doing business in Asia is the understanding that business relationships are for the long haul. Once an Asian has committed to a relationship with you, he expects it to be one that will last for years; therefore, he may not be eager to quickly decide to work with you. "We need to understand that there is a certain amount of commitment in terms of time and resources which may be necessary for doing business with them," he says.

"The benefit of that factor is, once you become a vendor or a supplier, you will find that they are outstanding clients."

Taylor organized his

advice for developing such successful, long-term business relationships under five categories, which could apply equally well in any culture: language, speaking, listening, follow-up and thoughtfulness.

He advises readers to remember that while most Japanese are taught English, they are not taught American English; therefore, one should avoid colloquialisms, double negatives or contractions.

When giving oral presentations, it is important to make your points individual and clear. Taylor says,

"Structure your presentation like a term paper. First introduce the concepts, give a full description and then go back and revisit the general issue, summing up a section at a time."

Listening is also important. First, as with any conversation, discipline yourself to hear what is really being said, not what you wish were being said.

Then, if something really is unclear to you, be sensitive to the fact that Japanese and other Asians tend to be very concerned about their English language skills. Ask for clarifi-

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### The Well-Bred Traveler in Asia

**Meals:** The celebrated Asian custom of the drinking bout as part of a business relationship does exist. Casual drinking in the evenings with business associates is still very common. Being invited to a colleague's private club is a high compliment. Note: it is customary to pour drinks for one another.

**Gifts:** Giving gifts to those with whom you wish to do business is customary. The inference in Asia is that you are assigning value to the relationship or the future potential of the relationship. The gift does not have to be expensive, but it should be a thoughtful one and of U.S. origin (the fact it was brought into the country implies effort, therefore enhanced appreciation). The gift should indicate that you have been listening to the recipient, that you have taken time to find out something about him or her and that you value this relationship.

**Personal Space:** Personal space in Asia is about the same or a little more distant than it is here. The things to be wary of are extended eye and casual physical contact. These may be considered confrontational.

**Conversation:** Religion, politics and controversial cultural issues are not taboo, but they should be approached from an informational rather than a dogmatic viewpoint. It is more common to talk about family or personal matters or outside interests in a restaurant or bar than in a business setting. Japanese do not invite people into their private offices. They have separate meeting rooms where business is conducted.

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fication in a tactful way. Taylor suggests: "Try to turn the issue into a conceptual question rather than a language question. If you say 'I did not understand what you said,' that puts up a barrier. If you say, 'That is an important concept. I want to make sure I understand it fully,' it makes for a much more productive exchange of words."

Taylor also recommends sending follow-up memos after meetings. "There are generally a lot of issues you wanted to make sure they understood which they have not. It is always nice to offer, 'We have covered a lot of topics today, and

small, sincere gestures that you are interested in the other person and concerned for his comfort. Taylor tells the story about his father-in-law who was entertaining a Korean client in an exclusive Japanese restaurant. He arranged for an order of kimchee, a Korean dish, to be delivered to the restaurant, so that the gentleman would have at least one familiar dish in front of him. Not a difficult or complicated gesture, but one that was greatly appreciated.

An outgrowth of this kind of thoughtfulness is the final component in Taylor's scheme — understanding, which is the goal

## MANAGEMENT MATTERS

"...the basis of any good, professional business understanding...is a learning process on both sides."

what I would like to do is send a follow-up stating some of the key issues we discussed, and giving some important definitions which may be different from what you are accustomed to, and what goals and resolutions were arrived at."

Thoughtfulness is important to all your customers and is a basic of good manners in any culture, but it is especially appreciated by Asians, who regard small courtesies as very important. Show by

of any communication. He says, "...the basis for any good, professional business understanding is getting a very good familiarity with the other person's business, what his needs and goals are, and helping him understand how he can best accomplish those in our culture. Part of it is being aware of his culture, part of it is also helping him become educated in our culture, so it is a learning process for both of us." ■