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Formality is good form

Stick to the rules, strive for clarity and avoid gimmicks when doing business in Germany, advises Sergey Frank

Germany, the world's third-largest economy, has a long tradition as an exporter. Over the years it has also become an interesting market for investment. Regional differences influence dialects, culture, and business practices in Germany. Nevertheless, there are rules to follow, whether you are in Berlin, Frankfurt, Hamburg or Munich. Communication is relatively formal. When Germans meet on a business occasion they shake hands firmly at the beginning and at the end of the meeting. Be prepared for your negotiating partner to answer the telephone by giving his or her surname, rather than saying "hello". Time and punctuality are also important and lateness may be interpreted as unreliability. If you are behind schedule, inform your negotiating partner and offer to re-arrange the meeting.

In correspondence, you should address people by their full title. There was a time when Germans expected to be addressed as "Mr" or "Mrs". However, American habits are creeping in, and English is becoming more common in negotiations. On those occasions, first names will be used. German language contains two different personal pronouns for "you". Sie is appropriate for formal relationships, while Du is reserved for close friends, family and children. If communication switches from English to German, you should stay on a first-name basis but retain the formal Sie when you address your German partner.

In Germany, people guard their privacy, so do not telephone an executive at home without permission. The new generation of business people in start-ups is less formal: workers in new high-technology companies are usually relaxed and adopt first names even in German. They also regard their professional life and achievements as more important than their privacy. That means you can telephone them at home.

As well as being formal, negotiations are direct. German managers speak their mind. They place great weight on the clarity of the subject matter and get to the point quickly. This has advantages, especially in complex negotiations. Because German business people tend to approach negotiations systematically, communication is easy to establish and maintain.

You may occasionally run across business partners who are rather dogmatic. If so, you may struggle to persuade the other side to reach compromises.

Excessive enthusiasm or extravagant compliments are rare in German business. You should give a thorough and detailed presentation, with an emphasis on objective information, such as your company's history, rather than on fancy visuals or marketing gimmicks.

Prepare thoroughly before the negotiation and be sure to make your position clear during the opening stage of the talks, as well as during their exploratory phases. Avoid interrupting, unless you have an urgent question about the presentation. German negotiators tend not to like too much bargaining. Your initial offer should be realistic and you should be able to produce comparative prices or other evidence to justify it. Allow enough room for your profit margins, unexpected developments and concessions. In Germany, business people tend to discuss a project internally with colleagues and supervisors before reaching an important decision. That is one reason why some of the follow-up to a negotiation is likely to be conducted over the telephone.

Once your negotiating partner has taken the decision to proceed, implementation is usually thorough and reasonably fast. You should pay attention to the contractual agreement that flows from the negotiation. If disagreements crop up in the course of the contract, your partners are likely to look more to the wording of the contract than to their personal relationship with you.

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