

The cultural challenge

For Germans, any cross-over between business life and private life is looked upon as neither necessary nor desirable.

Negotiating with Germans: Knowing the ropes increases business opportunity

By Margit E. Flierl

While German products and companies enjoy an excellent reputation in the global community, business people from many countries nevertheless find it hard to do business with German companies. Business contacts with German global players are by and large considered to be not that difficult; however, doing business with German SMEs presents a serious challenge to managers in many countries and particularly managers in India.

*** About the author**

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Why is doing business with Germany such a challenge? Germans have a great reputation for punctuality, planning, engineering skills and precision - and sometimes for their rather stiff approach. One downside is the time they take for decision-making, which completely baffles the rest of the world. On the upside, however, once a German company is your customer, the business relationship typically lasts for many years, unless there has been some serious breach of contract.

No room for manoeuvre

German companies make very straightforward suppliers. They regard themselves as "upright honest merchants," an attitude which can often make them forget the joy and mutual understanding which both parties generate through healthy and animated negotiation. As likely as not, their initial quotation will also be their final price - but without much room for manoeuvre.

The same principle applies to lead times and to terms and conditions. The idea is to get it right the first time round and therefore save time on prolonged talks and negotiations.

On the other hand, as customers, German companies are unsurpassed in the time taken to come to a decision. Once they've made up their minds, however, it will be plain sailing. However, in Germany, a contract - once it is negotiated, signed and sealed - is considered final. Engaging in further negotiations after signing on the dotted line is considered to be dishonest and casts doubt on the supplier. But beware: in spite of German precision, German specifications are tend to be no better than specifications drawn up in any other country and are just as prone to change as anywhere else. German customers expect a barrage of questions and endless requests for clarification from their suppliers. If they do not hear from their supplier, they generally assume that the requirements are understood in full!

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Input welcome

The German business community differentiates strictly between business life and private life. Any cross-over between these two areas is looked upon as neither necessary nor desirable. Managers see no reason at all to share snatches of their private lives with business associates and it is looked upon as unfair tactics: as if there's something "fishy" about it. Some larger companies even have very strict rules governing the acceptance of gifts and lunch and dinner invitations.

Small talk is definitely not one of the Germans' strengths. After a fairly short "warm-up" in the initial phase of discussions, the topic immediately turns to the business of the meeting and there is little room for private chats.

German communication style also differs from Indian communication in many ways: Germans typically ask closed questions and expect to receive a very short yes or no answer. In business talks, they don't want to hear any reasons, explanations or other information, all of which are quickly assumed to be "excuses". However, the opposite is true in technical discussions: here, all and any input is most welcome, regardless of the rank of those contributing. Lively round-table discussions are the clear preference when it comes to technical matters.

Germans are also very direct – and are sometimes considered insensitive – in what they say. They don't have too many antennae fine-tuned for reading between the lines or for expressing subtly that something is counter to their expectations. They are masters of very direct communication, while indirect communication is by and large reserved for private exchanges among family and friends only. Any German manager will immediately understand what his wife is saying when she tells him, "Darling, I've got myself a new colour of nail polish" (meaning that she needs a new wardrobe) and yet at the same time is completely oblivious to what is implied in phrases such as "Technically, it can be done" or "This is definitely something we'll look into". It can be a slightly shocking experience for business partners from other countries whose communication skills are more fine-tuned. Trying to get a point across "gently" is often suspected to be an untruth or a downright lie. In turn, German mana-

gers are often puzzled when Indian business people keep "beating around the bush". They quickly come to the conclusion that the other party is not interested or does not want to commit. The other German extreme is to take much of what is said at face value, which is not always strictly the case in some exchanges with Indians; then there's a shock in store for both parties, as the German company believes it has a commitment from a new Indian business partner, while the Indian partner is only suggesting that they might be interested.



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That way disaster lies

Commitments carry a lot of weight in Germany and are expected to be followed strictly and down to the last detail – by Germans themselves as well as by their business partners. It is always a good idea to tell a German business partner clearly if some time will be required for consideration or if the information can be understood as a commitment in the German sense. When it comes to commitments, indirect communication paves the way to disaster.

Another surprise on the part of the German business community is in its attitude towards negotiations. Based on the agenda, which is diligently sent out to business partners before the meeting, they set their negotiation goals clearly for themselves and allocate a certain amount of time to reach these goals. Only the really skilful professionals in sales and purchasing understand that investing a little more time might lead to even better results. During the negotiation process, Germans will not generally demand unrealistic goals and only rarely set a real challenge as their goal, which would relate to commercial, technical or other requirements.

There is a further aspect of doing business with Germans which can

become quite annoying for foreign business partners: Germans want to know every little thing in detail. Sometimes they forget the bigger picture while hunting for some detail and sometimes they want to know things that at that particular moment are not really relevant to the end result. Germans set great store by "early warning", i.e. it is best to let them know early on if there has been some delay or if some other deviation from the original plan might occur. In times of trouble and crisis, it is important for them to apportion blame and to name the culprit rather than to look for solutions and take the situation forward in a positive way. In such situations, Germans are very, very inquisitive.

Initial shock

When visiting Germany for the first time, visitors might feel slightly bewildered. Hospitality in Germany is not comparable to Indian hospitality and might easily only

amount to assistance with hotel reservations and a business lunch or dinner. Visitors are largely left to their own devices and Germans often overlook differences in food, shopping, public transport, etc.; in other words, visitors might find that they receive little or no assistance.

In spite of the initial difficulties in working with Germans, such as communications, planning requirements, precision and quality, the advantages far outweigh any teething troubles, once you are used to the German style of doing business. Reliable business partners, long-term mutually beneficial business relationships, excellent technical and engineering skills as well as access to expertise and "Made in Germany" products certainly make the effort worthwhile. On top of that, assistance from German consultancy firms – well-versed in how to do business in Germany as well as in India – is readily available these days to help you identify the right German partner and to smooth the way for Indian companies seeking business relations with Germany. Give it a try – after the initial shock, you'll enjoy it! Namaskar!

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