

Export Negotiation Skills

The Art, Craft and Science of Doing Business across Cultures

'In matters of style, swim with the current; in matters of principle, stand like a rock.'

Thomas Jefferson, US President

Many years ago, I was sitting in the lounge of my hotel in Zagreb and got into a conversation with a successful Croatian businessman. After some minutes of general discussion, he looked at me carefully and asked, 'So what is the secret of successful selling?' I sipped slowly on my beer. I wanted to give him a thought-provoking and memorable answer. 'Successful selling, I said, means developing a sales strategy and process which consistently ensures that we are in the right place, with the right people and at the right time.' He looked at me sadly. 'Wrong.' He said.

I tried again. 'Successful selling means understanding the needs of our customers and presenting our products and services as the solution to a problem that the customer has identified and wishes to resolve.' 'Not bad', he said, 'but you can do better than that.' I took another slightly longer sip of my beer. 'Successful export sales professionals recognize that they need to adapt to the individual and cultural preferences of their customer.' 'That's good', he said and I think he meant it, 'but the real secret of successful selling is to remember that it's all about people.' 'It's about you', he said 'and me'; stabbing his finger first at my chest and then at his own.

This experience has remained with me for many years as a visceral reminder of what Raymond Cohen has described as the difference between a **low context** approach to sales and negotiation versus a **high context** approach. It was brought back into focus once again a few years ago on a business trip to Singapore. Having decided to provide learning and organizational development services to international companies operating in the Asia Pacific region, I had gone to meet the local Austrade business development manager. As I was now a little older and wiser, I had learnt it is always best to be the person who is asking the questions. 'So, what is the secret to doing business successfully here in Singapore?' I asked. 'How many people do you know here?' came the response. 'This is my first visit.' Here my host paused and looked at me carefully. 'Well,' she said 'I'd say you'll need patience and deep pockets.'

In many ways, I am a typical **low context** negotiator. I grew up in the UK which is considered to be a low context culture. I have spent much of my professional career working in British, American and Australian low context businesses – except for one role in a high context Japanese company which was an eye-opening experience. I have lived, worked, married and raised children for well over a decade in Germany. Much of my professional development as a sales professional has been anchored in what might be described as classic low context theory and practice; Strategic Selling® frameworks from Miller Heiman, SPIN Selling® methodologies from Neil Rackham and Huthwaite and Consultative Selling by Mack Hanan. My training and experience has taught me that doing business successfully is all about finding people that have a need and offering them a product or service that meets that need.

My **low context** approach to negotiation can best be described as a problem-solving approach; my goal as negotiator is to collaborate with my business partner to ensure that both our needs can be met. Others might describe me as pragmatic, flexible and results-oriented with a 'can do' mentality. During a negotiation process my communication style is fairly straightforward; I will ask questions and present proposals with goal of reaching an agreement that can form the basis of a future business relationship. I am likely to 'get to the point' and communicate my needs, interests and expectations for that relationship without 'beating around the bush'.

'Low Context' Approach 'High Context' Approach

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| ➤ problem solving | ➤ relationship-building |
| ➤ future business | ➤ past relationship |
| ➤ results-orientation | ➤ face-orientation |
| ➤ present proposals | ➤ listen carefully |
| ➤ 'can do' mentality | ➤ respect the hierarchy |
| ➤ get to the point | ➤ principles before details |

Negotiating across Cultures – Raymond Cohen

Raymond Cohen makes the point that negotiators from **high context** cultures that you might find, for example, in many Asian and Eastern European countries are likely to have a very different approach. When doing business in a high context culture, there are a few things that we, low context negotiators, might need to be aware of.

Firstly, we should never under-estimate the importance of 'pre-negotiation'. High context negotiations may often prefer to avoid direct confrontation and save face in a formal negotiation process by attempting to reach an informal agreement in advance. So when your Mexican counterpart contacts you and invites you to join him for dinner on the eve of that big meeting, we strongly recommend that you should go. Relationships are everything in high context cultures; it's not what you know and what you can do but who you know that counts. So make sure you establish a warm personal relationship before you start discussing the terms of the agreement and continue to build that relationship throughout the negotiation process. If you feel that your counterparts appear to be dwelling on past misunderstandings or mistakes, don't try to avoid the issues. The past relationship matters in high context cultures and you may need to work hard to rebuild trust and rapport before you can continue to do business. Never assume that you have understood what has been said or agreed. In Japan, they say you should 'hear one and understand ten'. Of course, when negotiating in China the opposite might be the case but that's another story.

Cohen also suggests that low context negotiators should not over-estimate the power of 'good arguments'. Discussion on the merits as a method of negotiation is less common in high context cultures where people will often prefer to use positional bargaining when it comes to reaching an agreement. My 'can do' attitude might also be a problem. Flexibility may be viewed as a weakness rather than as a strength in a high context culture. It's expertise and experience – not attitude – that counts here. Remember that the form and appearance of the outcome also matter, so be patient and take your time - and avoid time pressure - when negotiating. Finally you may discover that formal and/or written contracts may not be desired or significant once agreement has been reached. It is the quality of the relationship that will ensure a long and productive working relationship. So you may find your time better spent having a few drinks in a karaoke bar or enjoying a pleasant meal and celebrating your success with your counterpart than pushing to get something down on paper.

When doing business across cultures we need to be aware of differences across six dimensions of negotiation. This includes orientations to time, communication styles, tactics, process, non-verbal communication and methods for obtaining commitment.

I'd like to leave you with a story from interculturalist, Nancy Adler. A major hotel chain chose to develop a new hotel in Tahiti. The developer contracted with a Tahitian skilled in carving wooden totems. The hotel desired a number of these totems to provide the site with local island atmosphere. The Tahitian quoted a price for carving the first totem and then higher and higher prices for each succeeding totem. This astonished the hotel developer, who argued that this was no way to do business. Didn't the Tahitian understand about quantity discounts? The Tahitian craftsman, equally astonished, also tried to explain. 'No it is you who doesn't understand. Carving the first totem is fun. Carving each additional totem becomes less fun.'

Looking back on my conversation in Croatia we were, of course, both right. Export sales means developing an export strategy, providing a solution for our customers and developing strong personal relationships. Exporters that can do this within the context of the local business culture will be successful. And that's the secret.

References

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