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International Business Training Center

presents



Negotiating with German People



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TALK ABOUT

PROCESS

IMPACT ON COMMUNICATION

Procedures
Planning

Systematic
(step by step)

Be precise
(state facts)

Organizing
Controlling

Logical
(Cause -Effect)

Presentation in
logical order

Testing
Trying out

Factual

Include options

Analysis
Observations

Verbose
Unemotional

Do not rush
Germans

Proof
Details

Cautious
Patient

Outline your
proposal

Negotiating with Germans: The Work Environment, The Good Life

- The Germans are proud of their reputation for precision, order and individual performance.
- Germany's tradition of corporate apprenticeship dates back to the 14th century (Luther: Beruf).
- Beruf: the calling to which each person is assigned by God and to which he or she is duty-bound to perform as well as possible.

Negotiating with Germans: The Work Environment, The Good Life

- The result is the most highly skilled labour force in the world.
- The 1950s built up the image of the German workforce as determined and hardworking.
- Today, German workers have the highest net incomes in Europe.

Negotiating with Germans: The Work Environment, The Good Life

- Germans put in fewer hours than anyone else in the industrialized world: 1,651 hours a year.
 - USA: 1,907 hours annually.
 - Japan: 2,201 hours annually.
- Six weeks paid vacation and thirteen months pay a year are still standard in most German enterprises.

Negotiating with Germans: The Work Environment, The Good Life

- Germans are used to feeling secure in their jobs.
- Unlike American workers, once Germans are hired, they're there for life.

Negotiating with Germans: The Work Environment, The Pyramid Hieranchy

- The CORPORATE DECISION-MAKING PROCESS is PYRAMIDAL, with a handful of professional managers (or sometimes just one group) ruling FROM TOP DOWN.
- MIDDLE-LEVEL MANAGERS involved in the groundwork may not even be aware of the final purpose of their efforts.

Negotiating with Germans: The Work Environment, The Pyramid Hierarchy

- There's much discussion about American-style decentralization of decision-making, but it's rarely practiced.
- Gut reactions and instinctive feelings are mistrusted.
- Recommendations from below are not usually expected and go unheeded.

Negotiating with Germans: The Work Environment, The Pyramid Hierarchy

- Middle-Management's main responsibility is the operational day-to-day overseeing of strategic decisions they've often had LITTLE OR NO SAY IN FORMULATING.
- Their additional deference to authority makes this acceptable.
- One positive side effect of the German system is that it cuts down on staff infighting.

Negotiating with Germans: The Work Environment, Planning And More Planning

- German executives plan for LONG TERM and IN DETAIL.
- They often criticize US corporate strategies for being shortsighted.
- Spontaneity is neither encouraged nor appreciated, and RISK TAKING IS AVOIDED.

Negotiating with Germans: The Work Environment, Planning And More Planning

- German banks dominate business and set a very cautious tone; VENTURE CAPITAL IS VIRTUALLY NONEXISTENT.
- Prior to launch, market and product testing can sometimes BE CARRIED TO EXTREMES.

Negotiating with Germans: Mittelstand; Changing Of The Guard

- TWO-THIRD OF THE WORKFORCE IS EMPLOYED BY THE MITTELSTAND.
- Many are EXPORTERS with world share markets in the range of 80 to 90 percent.
- Many of the postwar entrepreneurs who founded Mittelstandfirms are now dying or retiring.

Negotiating with Germans: Mittelstand; Changing Of The Guard

- CHANGE IN MANAGEMENT: some firms are actually allowing customers to dictate what products will be developed.
- They're also:
 - Encouraging teamwork between departments.
 - Making greater use of outside suppliers.
 - Considering the possibility of bringing in partners.

Strategies For Success In Germany

- Your product or service will almost certainly require compliance with a HOST OF COMPLEX (and generally inflexibel) REGULATIONS.
- Make sure your product QUALIFIES, or can be made to qualify, before venturing further.
- Most Germans are concerned about the ENVIRONMENT.

Strategies For Success In Germany

- So make sure that your product conforms to environmental regulations, which are the toughest in Europe.
- Almost as important as the product itself is AFTER-SALES SERVICE.
- Such service is likely to be a determining factor in the German firm's decision to do business with you.

Strategies For Success In Germany

- You might want to consider setting up a service office in Germany.
- German partners will want to establish PROPER LINES OF COMMUNICATION WITH YOUR ORGANIZATION.
- Provide them with the relevant names, titles, areas of responsibility and brief professional biographies of staff members with whom they'll be in contact.

Strategies For Success In Germany

- ❑ Once these personnel have been identified, KEEP CHANGES TO A MINIMUM and EXPLAIN THEM, should they occur.
- ❑ The Germans will base their ACTIONS ON THE SIGNED AGREEMENT, and they'll expect their businesspartners to do the same.

Strategies For Success In Germany

- In case of a dispute or problem, that AGREEMENT will be their GUIDELINE.
- If a problem does arise, EXPLAIN IT CLEARLY, UNEMOTIONALLY and IN DETAIL.
- Spell out what steps have been taken both as damage control and to ensure that THE PROBLEM WON'T OCCUR AGAIN.

Strategies For Success In Germany

- *RESPECT DELIVERY DATES:*
 - In fact, try to beat them.
 - Your associates will forgive later slips and problems.
 - If you foresee a delay, give as much ADVANCE WARNING as possible.

Strategies For Success In Germany

- Verbal contact may be in English.
- Germans are most likely to write to you in their own language.
- All PROMOTION MATERIALS and INSTRUCTION MANUALS should be translated.

Strategies For Success In Germany

- PUT FORWARD ADVERTISING CAMPAIGNS BASED ON FACTS, NOT EMOTIONS.
- Be aware that the law forbids COMPARISONS WITH COMPETING PRODUCTS.
- CASE STUDIES AND PERSONAL TESTIMONIALS ARE HIGHLY REGARDED.

Time In Germany

- TIME WAITS FOR NO MAN.
- GERMANS ARE STICKLERS FOR PUNCTUALITY.
- In a business situation, if you are a no-show after 15 minutes (akademisches Viertel) your meeting may be called off.

Time In Germany

- To be even a few minutes late for a scheduled appointment, whether business or social, will be taken as a sign of inefficiency or disinterest.
- DEADLINES GERMAN STYLE:
- Germans regard deadlines as SACROSANCT.

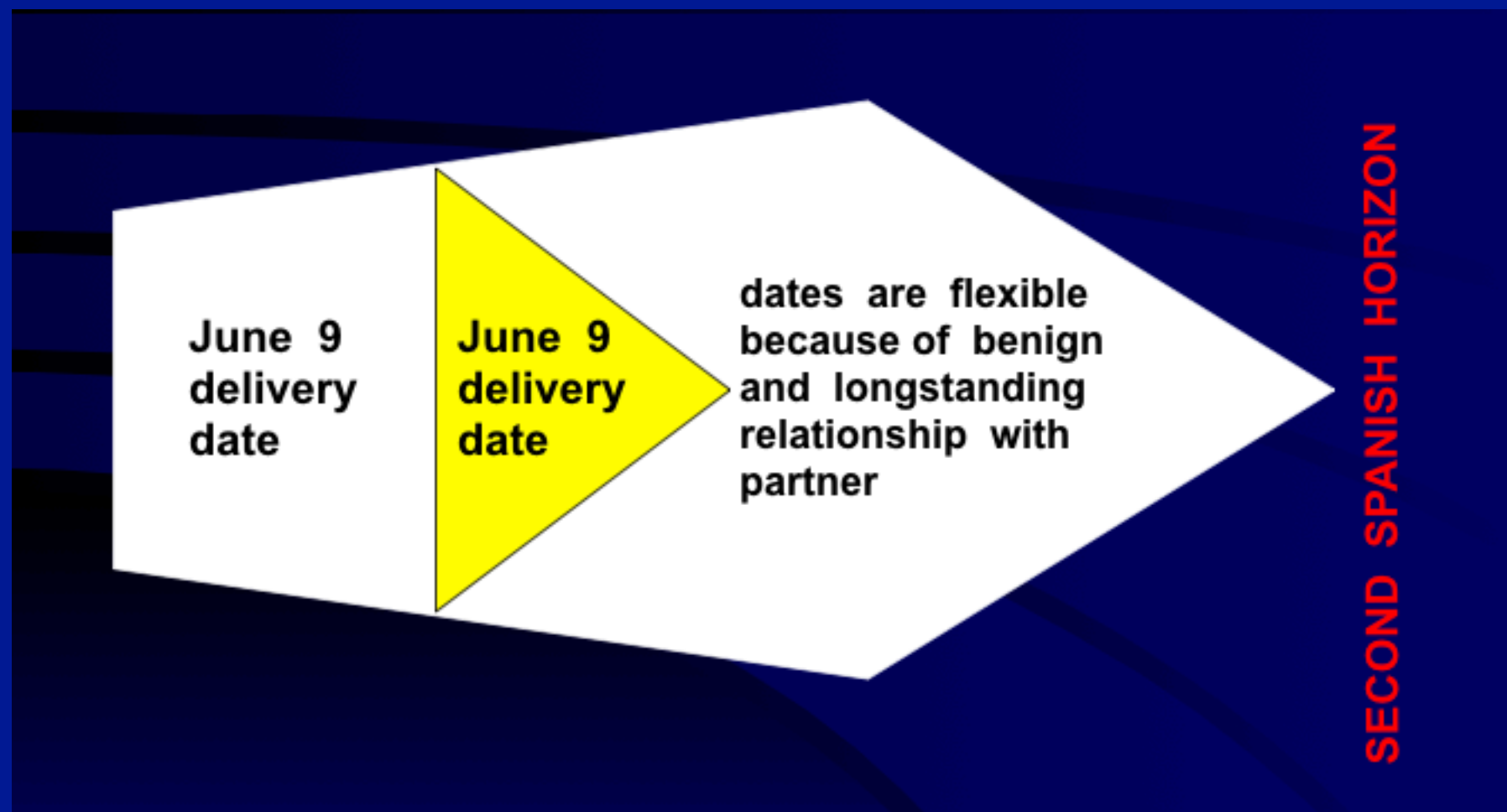
Time In Germany

- Once there is agreement on a date, Germans take the commitment seriously.
- Germans may ask for penalty clauses to be built into a contract (to ensure that agreed upon dates etc. are met).
- DO NOT WAFFLE.

Germans and Latins

- GERMANS:
 - Believe in a simple truth: scientific truth.
- SPANIARDS:
 - Are always conscious of the double truth:
 - that of immediate reality.
 - that of poetic whole.

Germans and Latins: Different Time Approach



German Body Language

- GERMAN BODY LANGUAGE REVEALS LITTLE.
- German body language is so UNDERSTATED that it hardly qualifies for the name.
- GERMANS COME STRAIGHT TO THE POINT WITHOUT FRILLS.
- GERMANS ARE VERY ECONOMICAL WITH HAND GESTURES AND FACIAL EXPRESSIONS.

German Body Language

- Too much gesticulating or grimacing is considered flashy and unnecessary.
- Germans do everything front-and-center.
- They walk straight into a room.
- They stand straight, less slightly apart, make eye contact, and extend their hand for a short, firm, no-nonsense handshake.

German Characteristics

- Germans will arrive at the meeting WELL-DRESSED and with a DISCIPLINED APPEARANCE.
- They will observe HIERARCHICAL SEATING and ORDER OF SPEAKING.
- They will arrive WELL INFORMED as to the business and EXPECT YOU TO BE ALSO.

German Characteristics

- Germans will present LOGICAL, often WEIGHTY ARGUMENTS to support their case.
- They often have thought over your possible counter-arguments and HAVE THEIR SECOND LINE OF ATTACK READY.
- They tend to look for COMMON GROUND.

German Characteristics

- Germans believe they are more EFFICIENT (gründlich) than others and DO NOT CHANGE POSITION EASILY (PUSHING).
- They do not interfere with a colleague's remarks and generally SHOW GOOD TEAMWORK throughout.
- Like Japanese, they like to go over DETAILS and TIME again.

German Characteristics

- GERMANS DON'T LIKE BEING RUSHED.
- Germans are MONOCHRONIC negotiators.

German Characteristics

- Germans generally stick to what they have agreed orally.
- SELLING TO GERMANS:
 - They will question you aggressively on what are German strong points:
 - Quality.
 - Delivery dates.
 - Competitive price.

German Characteristics

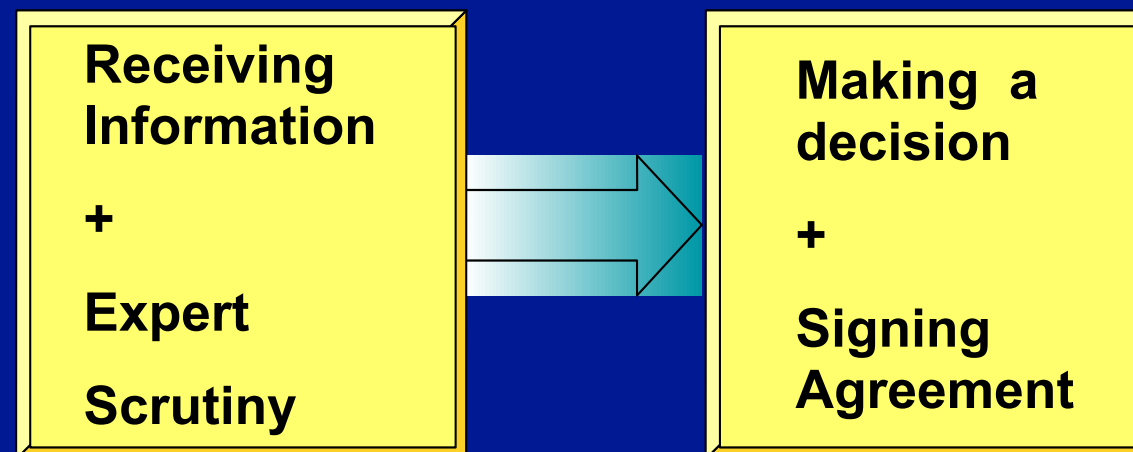
- Germans expect to get the very best (lowest) price
- Germans can be very SENSITIVE TO CRITICISM THEMSELVES
- Use surnames only and SHOW RESPECT for their titles

German Characteristics

- DO NOT INTRODUCE HUMOUR or JOKES during business meetings and negotiations.
- BUSINESS IS SERIOUS.
- Germans will WRITE UP THEIR NOTES CAREFULLY AND COME BACK WELL PREPARED THE NEXT DAY.

German Characteristics: Germans hard Bargainers

- German negotiating goes from RECEIVING INFORMATION and SUBJECTING IT TO EXPERT SCRUTINY to MAKING A DECISION and SIGNING AN AGREEMENT.



German Characteristics: Germans hard Bargainers

- Negotiating with Germans can be A LONG and PAINSTAKING PROCESS.
- German negotiators will present A UNIFIED FRONT.
- CONFLICT is seen as DISFUNCTIONAL and a SYMPTOM OF BEING UNPREPARED.

German Characteristics: Germans hard Bargainers

- OPEN DISAGREEMENT AMONG YOUR TEAM MEMBERS COULD „KILL“ THE NEGOTIATION.
- YOUR PRESENTATION MUST NOT ONLY BE THOROUGH, IT MUST BE SEEN TO BE SO.
 - Supporting statistics should be used liberally to illustrate points.
 - When citing figures or technical data, it helps to distribute or to use slides, so that everyone can follow.

German Characteristics: Germans hard Bargainers

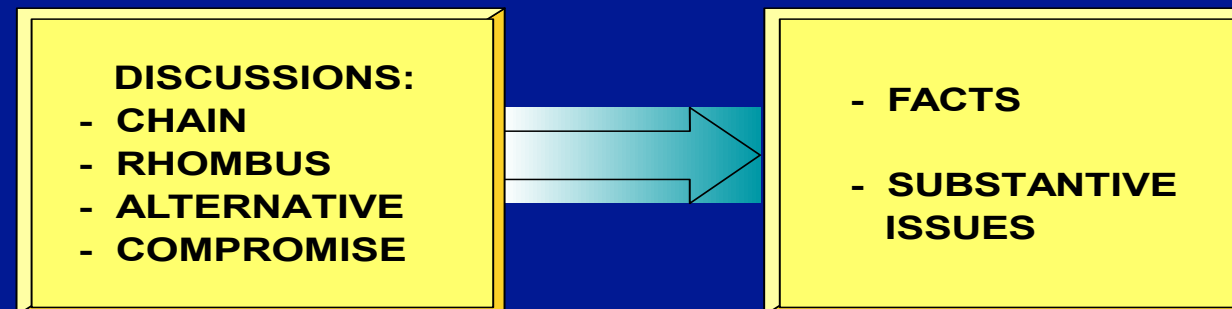
- CHARTS and GRAPHICS ARE A MUST.
 - It is rare for a German firm not to have its proud collection of charts.
 - Companies virtually function based on them.

German Characteristics: Germans hard Bargainers

- DISCUSSION IS LIKELY TO BE TO THE POINT
 - European executive spending years doing business in Germany:
 - „You don't know what a businesslike meeting really is until you have experienced German negotiators.“

German Characteristics: Germans hard Bargainers

- Well-briefed executives will ASK QUESTIONS aimed at getting all the necessary facts, and substantive issues will predominate.



Dutch Managers: Why Are Dutch Companies Successful?

<ul style="list-style-type: none">• Flexibility• Creativity• Innovation	37,8 %
<ul style="list-style-type: none">• Commercialism• Globalized Management• Languages	33,3 %
<ul style="list-style-type: none">• Quality• Price	17,8 %
<ul style="list-style-type: none">• Others	11,1 %

Dutch Managers: Why Are German Companies Successful?

<ul style="list-style-type: none">• Meet Commitments• Discipline	30,3 %
<ul style="list-style-type: none">• Unchanged Top Quality• Engagement	23,3 %
<ul style="list-style-type: none">• Thoroughness• Efficiency	18,6 %
<ul style="list-style-type: none">• Moral of Workers/Staff	16,2 %
<ul style="list-style-type: none">• Others	11,6 %

Prejudices Dutch Managers Against German Managers

- Not able to adapt
- Strong culture of authoritarian behaviour
- Long times of delivery
- Arrogance
- Conservative
- + Good organizers
- + Top quality
- + Listen and act accordingly

Experiences Dutch Managers A With Culture German Companies

- Not flexible, formal
- Arrogance
- Difficult to get in touch
- Dislike changes
- Language barriers
- Adapting prices
- Slow decision making
- Dislike taking risks

Experiences Dutch Managers A With Culture German Companies

- ++ Meeting commitments
- ++ Quality standard
- + Expertise
- + Organisation
- + Morale of workers/staff
- + Discipline
- + Structure
- + Reliability

Business Meetings In Germany: Arranging The Meeting

- MAKING APPOINTMENTS IN ADVANCE SHOWS THAT YOU ARE WELL ORGANIZED.
- Two weeks' notice is not unusual if the meeting is scheduled by fax, longer if top executive is involved.

Business Meetings In Germany: Arranging The Meeting

- SEND BACKGROUND DOCUMENTATION, SPREADSHEETS, AND FIGURES IN ADVANCE
 - This is particularly important in the case of an INTRODUCTORY MEETING between organizations.
 - If the material is presented in German, the gesture will not go unnoticed.

Business Meetings In Germany: Arranging The Meeting

- SEND BACKGROUND DOCUMENTATION, SPREADSHEETS, AND FIGURES IN ADVANCE.
 - Make sure you are THOROUGHLY FAMILIAR with every aspect of the issues to be discussed, down to the smallest detail.
 - Have BACK UP CHARTS (they like visuals) and FIGURES available to ILLUSTRATE YOUR ARGUMENTS.

Business Meetings In Germany: Arriving At The Company

- BE ON TIME!!!!
 - Arriving even two or three minutes late will create a bad impression.
 - Most firms have a conference room for such meetings.
 - The senior visitor should enter the room first, followed by the rest of his team in order of rank.

Business Meetings In Germany: Arriving At The Company

- BE ON TIME!!!
 - The Germans consider themselves POLITE and expect visitors to recognize this.
 - Germans are also PROTOCOL MINDED, and a meeting will begin with handshakes all around.

Business Meetings In Germany: Identifying Who Is Who

- PROTOCOL REQUIRES:
- That the highest ranking visitor introduces himself, or is introduced, to the senior manager present.
- Then the senior manager is introduced to the visiting team, again by seniority, with brief descriptions of their area of responsibility.

Business Meetings In Germany: Identifying Who Is Who

- Then it is the German host's turn to do the introductions.
- Smiles are not required.
- The senior German manager will be seated in the center, with the next senior executive on his right.

Business Meetings In Germany: Identifying Who Is Who

- BUSINESS CARDS ARE ALWAYS EXCHANGED BEFORE THE START OF THE MEETING.
 - They should provide further indication of who is who on the opposite side of the table.
- Geschäftsführer = Corporate president
- Finanzdirektor = Chief financial officer
- Direktor = Senior manager

Business Meetings In Germany: Some Meeting Guidelines

- GERMANS TEND TO PUT MORE PHYSICAL SPACE BETWEEN EACH OTHER THEN DO ASIANS, AMERICANS OR OTHER EUROPEANS WHEN HOLDING A CONVERSATION.
- Though you may feel uncomfortably far away, don't move your chair in closer.
- Rearranging the furniture in a German office is considered highly insulting.

Business Meetings In Germany: Some Meeting Guidelines

- YOUR HOSTS ARE LOOKING FOR SOLID INFORMATION ON WHICH TO BASE THEIR JUDGMENT.
 - Just present the facts as systematically as possible.
 - Be prepared for requests for further details.
 - When you ask questions, avoid a confrontational tone.

Business Meetings In Germany: Some Meeting Guidelines

- IN THE ASIAN STYLE THE EXCHANGE OF PLEASANTRIES SERVES AS AN OVERTURE.
 - The Germans expect to plunge straight into things without the benefit of jokes, humour, small talk or photos of the kids.
 - After formal introductions, a visitor may find himself launching STRAIGHT INTO HIS PRESENTATION.

Business Meetings In Germany: Some Meeting Guidelines

- German executives tend to separate their private and professional lives, and they are not likely to volunteer information about their families.
- There is no direct German equivalent for the expression „small talk“.
- Germans would be shocked to think that anything they said was frivolous.
- Some suitable topics of nonbusiness conversation: holidays, sports and the USA.

Business Meetings In Germany: Some Meeting Guidelines

- THE GERMAN LANGUAGE IS LOW-CONTEXT, AND GERMANS ARE LOW-CONTEXT COMMUNICATORS.
 - Too much gesticulation will not be received well.
 - Nonverbal clues and signals are not widely used.

Business Meetings In Germany: Some Meeting Guidelines

- DO NOT EXPECT MORE REACTION THAN A FORMAL „THANK YOU“ AT THE END OF THE MEETING OR PRESENTATION.
- The Germans are likely to leave the room without offering any reaction at all.
- To start a detailed discussion at that juncture would be considered hasty.
- Do not look for hints, winks or nudges.

Business Meetings In Germany: Some Meeting Guidelines

- IF AN OPINION IS EXPRESSED, IT SHOULD BE TAKEN AT FACE VALUE.
 - When a German says your proposal is interesting, HE IS NOT MAKING POLITE CONVERSATION: HE MEANS IT.
 - Every aspect of a proposed deal will be examined with care: Germans are not obsessed with immediate results.

Business Meetings In Germany: Some Meeting Guidelines

- GERMANS TEND TO DISLIKE INTUITIVE THINKING or TRIAL-AND-ERROR METHODS.
- Once a decision has been made, the Germans will stand steadfastly behind it.

Business Meetings In Germany: Some Meeting Guidelines

- WHEN THE FOLLOW-UP MEETING TAKES PLACE (assuming that one does!), THE SENIOR MANAGER EXECUTIVE WILL OPEN THE PROCEEDINGS.
 - He will either explain the company's negotiating position himself or introduce an expert in the field under discussion.

Business Meetings In Germany: Some Meeting Guidelines

- WHEN THE FOLLOW-UP MEETING TAKES PLACE (assuming that one does!), THE SENIOR MANAGER EXECUTIVE WILL OPEN THE PROCEEDINGS.
- THE GERMAN ARGUMENTS WILL BE EMPIRICALLY BASED, BACKED BY FIGURES AND DETAILED INFORMATION.
- Germans expect their response to be studied before receiving an answer.

Business Meetings In Germany: Some Meeting Guidelines

- AT NO TIME IS IT GOOD STRATEGY TO „TRASH“ THE COMPETITION, EITHER YOURS OR THEIRS.
- German business is NONCONFRONTATIONAL.
- Comparisons with the similar products and services are not primary factors in strategic planning.

Business Meetings In Germany: Some Meeting Guidelines

- There is a kind of GENERAL ATTITUDE that says you should compete on the basis of YOUR OWN PRODUCT'S STRENGTHS, NOT ON THE WEAKNESSES OF THE COMPETITION.

Business Meetings In Germany: Some Meeting Guidelines

- BENEATH THEIR SURFACE POLITENESS; GERMANS ARE WARY OF STRANGERS.
- This is the combined result of NATURAL RESERVE, A LACK OF SKILL AT DISSEMBLING, and, AMONG THE OLDER GENERATION, A RESIDUAL UNEASE ABOUT THE PAST.

Business Meetings In Germany: Some Meeting Guidelines

- To avoid being demonstrative in public, a German will wait until he or she is quite close before greeting you
- Only the young or the impolite wave or shout at each other from far away

Communication Styles

- GERMANS BELIEVE THAT CONTENT IS MORE IMPORTANT THAN STYLE.
- Therefore they can be brutally frank.
- Rarely is there anything to read between the lines.

Communication Styles

- HARDLY EVER IS THE CONVERSATION SO SUBTLE AS TO BE OPEN TO MORE THAN ONE INTERPRETATION.
- The plus side of this trait is that they'll never tell you something because they think it is what you want to hear.
- VARNISHING THE TRUTH NOT A GERMAN TRAIT, nor is it a trait Germans appreciate in others.

Communication Styles

- In meetings it is a good idea TO PAUSE AT STRATEGIC MOMENTS and INVITE QUESTIONS - and they'll have them-
- This avoids interruptions and gives you an opportunity to check that you are being understood

Business Attire

- THE GERMAN BUSINESS UNIFORM IS A DARK SUIT, A WHITE SHIRT AND A CONSERVATIVE TIE.
- Rarely the German is seen in public wearing anything else.
- Germans expect their counterparts to dress in the same serious manner.

Business Attire

- Trendy or flashy fashion statements are best avoided.
- GERMANS ALSO SEE CORRECT POSTURE AS A SIGN OF INNER DISCIPLINE.

Business Attire

- BUSINESSWOMEN's ATTIRE:
 - Should be sober, need to sacrifice elegance.
 - Greys, black, pinstripes, worn with perhaps a brooch, or a strand of pearls.
 - Pants are acceptable.
 - Sexy or provocative outfit could not only create a negative impression, but risk trivializing the message.

Gift Giving

- When invited to dinner at a German home, always bring a small gift, such as candy, flowers, or a book on a subject that will be of interest to your host.
- Any bouquet should consist of an uneven number of flowers (but not thirteen).
- Red roses have romantic connotations, and white lilies are for funerals.

Gift Giving

- WHEN IT COMES TO BUSINESS GIFTS, AVOID ANY KIND OF EXTRAVAGANCE.
- A fine pen, a silver picture frame or a pocket calculator would be suitable.
- Perfume or clothing (with the possible exception of a scarf or tie) are regarded as too personal.

Business Meals

- GERMANS WARM TO STRANGERS SLOWLY.
- The real breakthrough on a personal level comes when you are invited home for dinner.
- But before that happens, your German associate is likely to be your host at a working lunch or dinner at a restaurant.

Business Meals

- Lunch (eaten between 12:20 and 1 p.m.) is the main meal of the day.
- The evening meal is traditionally a light affair of cold meats and bread - hence the name „Abendbrot“.
- The unwritten rule is to limit the discussion of business to before (briefly) and after the meal.

Business Meals

- Lunch is an opportunity to tactfully learn something about your host.
- Sports, movies, travel, the arts, and, to a certain extend, politics are good conversation topics.
- Avoid World War 2, gossip about other members of either your own or your German counterpart's companies, and religion.

Business Meals

- IN THANKING YOUR HOST FOR THE LUNCH, SAY THAT YOU WISH TO RECIPROCATE; BUT DON'T PRESS HIM TO GIVE YOU A DATE.
- Tell him you'll call his secretary to make the appointment.
- When you return the compliment, a good touch would be to propose choosing a German wine and deferring to your guest about the choice.

Business Meals

- To summon a waiter in a restaurant, raise your hand to the level of your head, palm outwards, index finger outstretched until you catch his eye.
- If you spot someone you know in a restaurant don't wave.
- Nod your head instead.

Tasks First, Friendship Later

- GERMAN FRIENDSHIPS TEND TO BE DEEP AND HIGHLY SELECTIVE.
- The same applies to close business relationships.
- Repeated visits, a few dinners, and a good performance record in the shared business venture should improve and consolidate the connection.

Tasks First, Friendship Later

- DEALINGS CAN REMAIN ON A FORMAL BASIS FOR YEARS.
- In many asian and latin cultures relationships come first and set the tone for business.
- The German culture is definitely TASK ORIENTED, FOCUSING ON THE ESSENTIALS AND ADVANTAGES OF THE DEAL AT HAND.
- Once trust is lost, it will be difficult to regain.

How Germans View Themselves

- ❑ Renowned German poet and dramatist Johann Wolfgang von Goethe:



„The Germans make everything difficult,
both for themselves and for everyone else.“

How Germans View Themselves

- If complexity did not exist, the Germans would have invented it.
- They see themselves as a complex people living in an intricate, untidy world that needs to be constantly put in order.



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The End



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