



# International Negotiations - Cultural Cues

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## Agenda

- Groundwork:
  - Influence of culture on negotiation behavior
- 14 steps toward successful cross-cultural negotiation
- Summary

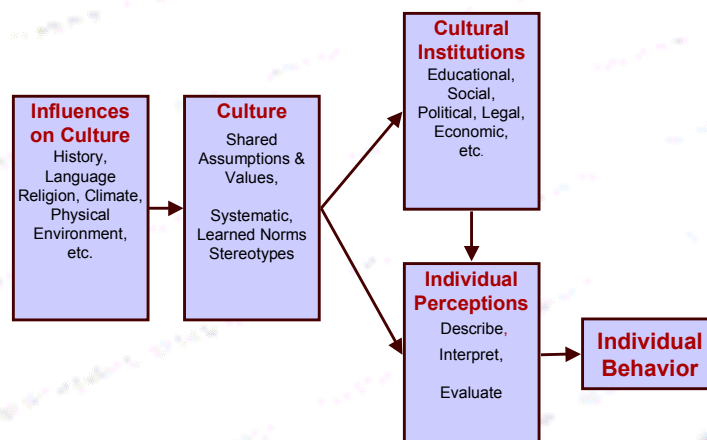
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# Culture

- “Collective programming of the mind which distinguishes one group or category of people from another” *Hofstede*
- “Subjective perception of the human-made part of the environment” *Triandis*
- “Patterned ways of thinking, . . . acquired and transmitted mainly by symbols. . .” *Kluckhohn*

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# Culture and Individual Behavior



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## Culture and Negotiation

- Impact of culture on negotiating behavior
  - Collectivist vs. Individualist
    - Lying to the 'out group' is acceptable behavior
    - Lying to the 'in group' is reprehensible
  - Self Attribution
    - Assign Causes to Other's Behavior using one's own cultural values and biases

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## Survival Kit to Cross-Cultural Negotiation

- Open Mind
- Cultural briefing
- Common sense
- Financial skills
- Patience
- Knowledge of product or service
- Sense of Humor

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# 14 Steps to Cross-Cultural Negotiation

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## STEP 1: GET THE FACTS

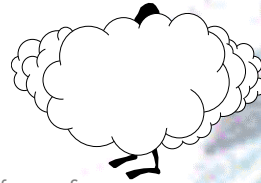
- Company Profiles
  - Including key individuals
- Governmental Regulations
- Market Dynamics
- Exchange Rates
- Planning Horizons



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## Barriers to good Planning:

- Thinking other person shares your assumptions or feelings
- Others understand you based on your logic, not their feelings
- Other cultures are becoming more like yours ... others are behaving more like you (US perspective??)



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## STEP 2: DEFINE WHAT WINNING MEANS TO YOU

- Aim at a clear set of objectives
- Take nothing for granted
- Consider a wide range of possibilities
  - U.S. negotiators often start too close to the desired goal
  - Don't assume there is only one solution

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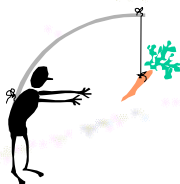
## STEP 3: UNDERSTAND THE PLAYERS

- Authority Levels
- Management goals
- Temperaments
- Concerns
- Look at your organization also
  - Importance of this negotiation to the firm?
  - Risk / reward to your career??



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## STEP 4: CREATE A STRATEGY



- How to position your proposal?
- Whether to play win/win or win/lose?
- How much for the opening offer?
- What concessions could be made?
  - Concessions seen as weakness?
- When should we walk away?
  - Be sure to have a BATNA

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## STEP 5: CREATE THE TEAM

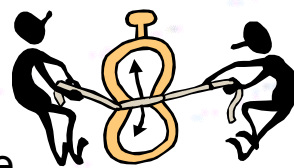
- Never go it alone.
- Have your own interpreter
- Exclude lawyers and accountants
- Consider a go-between (guanxi)
- Don't substitute the front line



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## STEP 6: USE LOCAL TIME

- Don't over-schedule
  - What is a 'quick tour'?
- Consider cultural view of time
  - Time is money?
- Don't make concessions just to finish in the allotted time
- Take a Time Out when needed



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## STEP 7: SET THE SCENE

- Make the opening scene work for you
  - Coach your team on foreign etiquette
- Carefully plan the agenda
  - Allow time for social niceties if appropriate to the culture
- Orchestrate the physical setting
- Start in Harmony



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## STEP 8: CONTROL INFORMATION

- Field questions diplomatically
- Use partial answers
  - The Chinese admire people who are frank, but do not emulate them.
- Don't be intimidated by silence
- Beware informal events that reveal too much
- Ask many questions yourself



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## STEP 9: WATCH YOUR LANGUAGE

- Avoid slang
  - “We’re under the gun to get a ballpark quote to R&D so they can shoot some price projections to Marketing.”
- Define procedural terminology
- Specify definitions coupled with illustrations wherever possible
- Watch body language (yours and theirs)

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## STEP 10: GO BEHIND THE SCENES

- Formal & public vs. back door bargaining
  - Avoid good guy / bad guy games
- Come early or stay late for ‘casual’ conversations
- Test for misunderstandings on your part
  - Did you offend? Make wrong assumptions?
  - Benefits are in the eye of the beholder

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## STEP 11: DON'T SACRIFICE 'FACE'

- Preserve your favorable image
  - Avoid grandiose or arrogant postures
  - Avoid empty threats or promises
- Ferret out the 'face' issues
  - Have a handful of face-saving maneuvers
  - Avoid interrupting, criticizing, or blame
- Be wary of treading on loyalties



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## Dynamics of Differing Worldviews

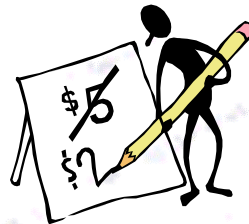
- When not understood, differing views may become barriers to effective relations
  - “we see what we want to see and hear what we want to hear”
  - Good fit between perception & assumptions = cognitive consistency → harmony, comfort

**EXAMPLE:** *You cannot get agreement to a 3 year commitment of supply from the refinery in Kuwait. Why? Only Allah knows what will happen in 3 years. It's an exercise in futility to plan so far ahead.*

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## STEP 12: CONSIDER THE CULTURE WHEN CONTRACTING

- Contract is gospel vs. Contract is guidance
- Which version is the 'official' version?
  - English or Spanish?
  - Why does it matter?



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## STEP 13: DIG INTO DEADLOCKS

- Expose the root of the problem
- Can we get unstuck?
  - Positions vs. interests
- No winner may equal two losers
- Not every impasse is a deadlock
  - Problems vs. opportunities



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## STEP 14: DON'T FORGET YOUR 'BATNA'

- Don't be pressured into a bad deal
- You must be able to walk away
  - Keep it friendly enough that the other side would call you back



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## SUMMARY: Negotiation & Cultural Cues

U.S. Cultural Values	Alternate Value	Effect on Negotiation
The individual can influence the future	Life follows a preordained course	Planning and scheduling
We must work hard to accomplish our objectives	Hard work is not the prerequisite for success; wisdom, luck, and time are also required	Motivation and reward system
Commitments should be honored	A commitment may be superseded by a conflicting request	Negotiating or bargaining
One should effectively use one's time	Schedules are important but only in relation to other priorities	Long and short range planning
A primary obligation of the employee is to the organization	The individual employee has a primary obligation to the family	Loyalty, commitment, and motivation
The best qualified person should be given the position available	Family issues and friendship can determine employment	Team choices, promotions recruiting, vendor selection



The End

Questions?

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