

# “HOW TO NEGOTIATE”

Sergey Frank - FINANCIAL TIMES

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**INSIDE TRACK: Do you make yourself clear?: Sergey Frank begins a fortnightly series that aims to help readers overcome the cultural barriers hampering international dealings**

Financial Times; Jul 4, 2000

By SERGEY FRANK

Business is not, of course, done the same way all over the world.

But you would never know it from the way most people negotiate. Many people in international business try to conduct themselves in Tokyo or Paris just as they would in New York or London. Perhaps it is because they hear so much about the onward march of globalisation, sophisticated communications and information technology, and the unprecedented accessibility of international travel. Perhaps it is just human nature.

Whatever the explanation, it inevitably leads to difficulties and confusion in business negotiations abroad. Although everyone understands in principle that negotiating internationally may demand that you cope with styles of decision-making, ways of thinking and priorities that are different from those at home, these "cultural factors" are a vague and fuzzy concept that is not easily translated into practical application.

Starting today, the Financial Times will publish a series of articles that attempt to guide you through the cross-cultural obstacles of doing business abroad.

The term "doing business abroad" refers to the cultural background of your business partner, not to where the business is taking place. You could be at home, in your business partner's country, or somewhere else entirely.

It is dangerous to enter international negotiations believing that "business is business all over the world". The best practice in domestic situations may not be applicable to foreign partners.

When you are doing business abroad, the potential for misunderstanding is greater than it is at home: you and your business partner may waste time talking past each other; you may need to give complete explanations of your position; you may need to master a particular kind of persuasive skill.

International negotiations have many obstacles. National characteristics, for all the stereotypes, really do differ from one country to the next. Indeed, they exert influence over the individual style of the domestic negotiator to an extent that most people do not realise. If you neglect the existence of these characteristics you may jeopardise the success of a negotiation.

Cultural specificities can determine anything from the contrasting sets of values that help define the negotiating objectives themselves, to the seemingly trivial forms of behaviour and mannerisms that are cues for building confidence and trust.

Some factors make themselves felt even before the substance of a negotiation has been broached. Inappropriate gestures and other non-verbal behaviour may contribute to a psychological atmosphere that makes communication difficult. Different social etiquette or different notions of status and dignity can throw egos off balance.

Although the intensity of modern international interactions, especially in business, communications and education, has produced a sort of "internationalised culture" that reduces the clash of cultural backgrounds and stereotypes, even relatively "cosmopolitan" negotiators can fall into the trap.

In any case, many negotiations take place in a less cosmopolitan context. Also, people in highly specialised fields often conduct international negotiations without having sufficient background knowledge. Even in the European Union, where people are used to travelling on holiday to one another's countries and doing business with each other, mistakes are made.

The solution to the misunderstandings and difficulties arising from cultural differences is not to wish for the day when everyone around the world learns to behave according to the same rules. This is as unnecessary as it is unachievable.

The answer is to understand and respect cultural differences. This does not mean becoming subservient to the foreign culture: adopting and imitating your foreign partner's gestures and behaviour risks not only appearing ridiculous, but also arousing suspicion about your sincerity. Rather, the secret of dealing with cultural differences lies in attempting to understand and respect different cultures, while remaining faithful to your own.

The articles in this series will appear roughly once a fortnight. They will offer ideas and recommendations on how to conduct business around the world. The aim is to help readers communicate and negotiate successfully at an international level.

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**INSIDE TRACK: Broad mind for abroad: In the second of a fortnightly series on overcoming cultural barriers, Sergey Frank offers tips on how to prepare mentally for negotiations overseas**

Financial Times; Jul 18, 2000 By SERGEY FRANK

Even surrounded by the communications technology of the third millennium, the skills of knowing how to talk to people and get what you want from negotiations remain much as they always have.

Indeed, with globalisation, they are needed more than ever.

They are put to use whenever a professional is arranging to buy industrial equipment, licensing technical know-how, or negotiating mergers and acquisitions. Moreover, they are needed in medium-size and start-up companies, as well as the multinationals where they have long been nurtured.

Yet many people in business are ill-prepared for the international negotiations that they will face. Because they negotiate every day at home, they assume that they will be able to deal just as successfully on the international stage. Because they believe that in important respects business is identical all over the world, they believe that knowing their own business is sufficient preparation for overseas ventures.

But, as I wrote earlier this month, this assumption is mistaken. Business varies hugely from one place to another, exactly as people do - and that matters because direct interpersonal contact is vital in many transactions.

Despite e-mail, the internet, mobile phones and all other forms of modern communication, you need to develop a specific sensitivity for communication and negotiation patterns in other countries.

So here is a mental exercise that is designed to reduce the frequency of nasty surprises when you do business abroad. And the chances that it will succeed are good - after all, business is, by its very nature, used to solving problems, and rapidly too. 1. List the basic assumptions or "golden rules" of business in your own culture. Some examples in the US might be: "Money talks"; "All people are created equal"; "Hard work is rewarded". Examine how they might differ in the country that is your destination. 2. Does your host country seek to establish equality between the sexes? Sweden or Saudi Arabia, for instance, treat this matter in totally different ways. 3. Make a list of the typical working situations in which you will find yourself overseas and examine how you might have to adjust

your behaviour. For instance, how should you greet colleagues, superiors or subordinates? How should you discuss the pros and cons of an action plan? What will it be like to take part in a meeting? How should you behave at lunch with a colleague, client or customer? 4. For one day, take note of:

\* Getting information from people: How direct are you? How else could you go about obtaining information? What is the style of communication in the host country?

\* Systems of motivation and reward: What are your assumptions about what makes people work well and what constitutes an incentive or reward? How do you go about punishing or criticising people's conduct? What incentives will be appropriate where you are going?

\* Giving and receiving instructions: What do you assume about your role and the role of others in your organisation? What is the expected behaviour and responsibilities that accompany these roles? What relationship should exist between the people in these different roles? How do these roles and relationships differ in your host country?

\* Making new business contacts: How much time do you spend on social pleasantries? Would more or less socialising be appropriate in the host country?

\* Imagine that your present boss comes from the country where you are going. How does that affect your relations with him or her? Try behaving in this way and observe how your assumptions and responses are affected.

\* Ask yourself whether you are psychologically prepared to cope with all the different conditions and customs when travelling abroad.

This kind of mental exercise should increase your sensitivity towards the way business is done in a foreign country.

It also reinforces the idea that business cultures vary. And this conclusion is vital, because nowhere in business can so much be gained and lost so quickly as in international business negotiations.

The next article will apply these lessons to doing business in the US.

**INSIDE TRACK: Free-talking and fast results: In the third article of a fortnightly series on overcoming cultural barriers, Sergey Frank examines the casual but ruthlessly focused style of business negotiating in the US**

Financial Times; Aug 2, 2000 By SERGEY FRANK

The US is an attractive market. Its business culture, which has brought the world "shareholder value" and "IPOs", has been leading commercial thinking in recent years and will continue to do so. But whoever wants to succeed in the US needs to remember the rules of the game.

US business is described by the lyrics of the song New York, New York: "If you can make it here, you can make it anywhere!" Yet a euphoric approach to business is by no means enough. Although business communication in the US is pleasant and easygoing, it is at the same time ruthlessly focused.

Communicating is a natural talent of Americans. When negotiating partners meet, the emphasis is on small talk and smiling. There is liberal use of a sense of humour that is more direct than it is in the UK. If you give a talk in America, you should speak in a relaxed way and with plenty of jokes.

Informality is the rule. Business partners renounce their academic titles on their business cards. Sandwiches and drinks in plastic or boxes are served during conferences. Your business partners tend to act casually in the office.

This pleasant attitude persists in the negotiation itself. US negotiators usually attach little importance to status, title, formalities and protocol. They communicate in an informal and direct manner on a first-name basis. They are relaxed and casual with their gestures and body language.

But the focus soon intrudes. The attitude "time is money" has more influence on business communication in US than it does anywhere else. After the neutral warm-up, US negotiating partners quickly come to the point.

Although Americans do business in a very pragmatic way, they want to win. Developing a personal relationship with the business partner is not as important as getting results.

And US negotiators tend to want those results fast. As financial results are reported every quarter, it is essential to secure profitability on a short-term basis. Hence, US impatience in negotiations, which should not be perceived as impoliteness, but as the corollary of "time is money".

This attitude has a strong influence on negotiations, since strategic alliances and other long-term projects are evaluated in terms of their potential to achieve a quick return on investment.

Because the Asian negotiating approach tends to be long-term in nature, it is also one of the main reasons why so many joint ventures and alliances between US and Asian companies have failed to meet expectations.

US negotiating partners are usually aware of this difference in negotiating style, thanks to the huge supply of literature and videos on Asian business. The trouble is that this material concerns itself mostly with the "what" behind the business and not on the more subtle questions of "how" and "why" business and communication patterns differ. US executives preparing for projects abroad tend to make themselves familiar with most of the specific negotiating patterns of the other country. Yet once the negotiating situation changes, mistakes are common.

When doing business in the US, you should take the following considerations into account.

- \* Conducting negotiations on a highly professional level and making presentations with the help of state-of-the-art technology is appreciated in the US. You should observe a negotiated agenda, or even a draft agreement. The negotiation will proceed in a well-prepared, calm, matter-of-fact and pragmatic manner.

- \* Present and market your case in a positive way. You should not be too modest about your own company's products, services, and market position. Instead, take a "can-do" attitude.

- \* Moreover, do not be misled by your negotiating partner's relaxed style of communication. Subjects such as religion, politics or ethnic background should only be touched on cautiously, even in private conversation.

- \* The casual attitude in the US does not mean there is no hierarchy in US companies. On the contrary, status is expressed in a very subtle way, and it may take some time to gain a detailed understanding of the ranking system.

The second part of this article will look at the negotiating process in the US and the role of in-house-lawyers and attorneys.

**INSIDE TRACK: Next, do the details: Expect an element of fun as Americans get down to the nitty-gritty of striking a bargain, writes Sergey Frank**

Financial Times; Aug 15, 2000 By SERGEY FRANK

The previous article in this series described how negotiations in the US display a contrast between easy-going communication and a desire to achieve well-defined goals. This article will look at the negotiations in detail.

Usually, after alluding to abstract principles and global considerations of business, the discussion will swiftly turn to the details of the project.

The essential thing is to pin down precise definitions of most of the key terms of any agreement. Not without reason is there a saying that "he who defines the terms wins the argument".

The style of negotiating is pragmatic, directed towards results and may sometimes be fast and efficient. Communication is polite, direct and straightforward. This also applies to the search for solutions to impasses.

US partners use rhetoric for mainly pragmatic reasons, to reach their goals faster and more effectively. Interruptions during a presentation are not necessarily impolite.

US businesspeople are open and flexible. Without being asked, they will give examples to illustrate what they mean and help the other side by providing the information it needs to see the "whole picture".

Because of their distinctive pragmatism, US negotiators are often imaginative in looking for new solutions and options. It therefore makes sense to exchange information freely - as long as it is not confidential - and to have the flexibility to explore new options in "brainstorming" meetings.

Negotiations in the US contain a fair amount of bargaining. US partners offer compromises on the basis of reciprocity: they expect the other side to make concessions in return. They believe in fair competition and tend to choose solutions based on the criterion that they want to win, rather than that they want to see the other side lose.

Hence you can often identify mutual concessions and thus reach a solution that benefits everyone - although this does not apply when one party negotiates from a position of strength.

The US is a country where lawyers play a significant role. The attorney-at-law combines the functions of a solicitor and a barrister as they exist in the UK. The litigious character of the country strongly influences

business negotiations. In-house lawyers are involved in the negotiating process more often and much earlier than they are in other countries.

For important deals in the US, it is therefore wise to involve an attorney from the beginning. He or she should be a specialist in the particular business sector and be familiar with the legal system of the particular state.

This may be expensive, because legal advice costs more in the US than just about anywhere else. You should negotiate in advance over the hourly fee, including additional expenses. You should also get lawyers to prepare an estimate for their services.

Contracts based on Anglo-American law generally come from the tradition of case law and do not draw on the principles of a commercial code. Therefore they are usually full of detailed definitions and consider all eventualities.

Americans stick to contracts. There is rarely any allowance for "contract repentance" when circumstances change unexpectedly. Instead, US partners will feel entitled to insist on the terms of the deal. They may try to negotiate a contract amendment, but they will not consider the contract non-binding.

The following aspects should also be considered:

- \* The US is a multicultural and multi-ethnic melting pot where many business people are immigrants of the first or second generation. All of them have one thing in common: they are US citizens, live by US values and enjoy the high standards of the American way of life.

- \* Women have made progress towards achieving equality in US business life. Senior positions in various sectors, such as management consultancy, accountancy, law and advertising, are occupied by women more often in the US than they are in Europe.

- \* The dress code is conservative and classic - even on "casual" days. Avoid looking scruffy. In negotiations, you should err on the side of elegance. Dashing combinations are not accepted in most industries. Dark-blue and dark-grey suits with black shoes and dark socks are appropriate. Light-coloured or white socks are worn by the American for sports activities, but not in business life.

And do not forget that Americans love to have fun. Indeed, it may be exactly this outlook that makes doing business in the US so attractive.

**INSIDE TRACK: Formality is good form: Stick to the rules, strive for clarity and avoid gimmicks when doing business in Germany, advises Sergey Frank**

Financial Times; Aug 30, 2000 By 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.

**INSIDE TRACK: Understand the power of silence: Many Asian cultures are sophisticated at communicating without words, says Sergey Frank**

Financial Times; Jun 26, 2001 By SERGEY FRANK

Asia is a useful term for geography but of little value to business people. The enormous distances from Turkey to Japan and from Siberia to southern India mean that the continent encompasses a huge variety of customs and cultures - and business and communication styles vary widely.

India and Pakistan, for example, have different cultural and business characteristics to those in the far east and communication styles vary again in the Arab world. Until recently, western companies operating in Asia tended to focus on Japan because of its economic importance. But doing business in Tokyo is very different from operating in Seoul or Dubai or Calcutta.

Nevertheless, certain characteristics apply in many Asian countries. Communication tends to be indirect. Local people, especially in east Asia, generally avoid saying "no" for fear of creating bad feelings. Instead, your business partners may apologise or simply remain quiet, or may answer with a euphemism such as "we will be happy to consider this".

Many Asian cultures are highly sophisticated at communicating without words, especially in east Asia.

In western Europe and the US, silence is often regarded as a failure to communicate - but in Asia it is an integral part of social interaction. As a Chinese proverb puts it: "Those who know do not speak; those who speak do not know."

In Asia, silence implies listening and learning. Talking is often taken as a sign of expressing cleverness, possibly egoism and arrogance. Silence is seen as protecting individualism and privacy and showing respect for the individualism of others.

In other words, negotiating in Asia means getting used to long silences and remaining patient.

Dignity is vital. Asian business people regard it as paramount to avoid embarrassment or loss of face. It is difficult to develop a good business relationship without knowing how to ensure that your Asian partner saves face.

The effort to save face can also lead to misunderstandings. Asian business partners may, for example, be unwilling to admit any lack of knowledge or know-how, as to do so would be embarrassing. They may avoid asking a question about something they do not understand. As a result, westerners may be led to believe that their Asian partners agree with something when, in reality, they have failed to understand what is being proposed.

Personal relationships and trust are also essential. Although they can be important in western Europe and the US, they are not necessarily accorded the priority

they have in Asia. When communicating, conveying trust and good feelings is essential.

Personal relationships may also influence a business deal. Commercial law is not as advanced in many Asian countries as it is in western Europe. Furthermore, courts are not always available or popular. As a result, Asian business people often prefer to deal with someone they can assess using personal contacts. If business is based on a personal relationship, it is much easier to resolve problems when trying to reach an agreement. This is so whether the negotiation is about starting a new project, about co-operation, or during an existing business relationship.

It is difficult to negotiate in a comparatively unstructured business environment unless you know who you are doing business with and are comfortable that you can effectively communicate with your business partners and trust them to protect your interests.

Therefore, third parties, such as local agents who help to establish the relationship but also help to maintain it during a business transaction, play an important role. Even companies with an excellent international reputation may use them as matchmakers.

Third-party introductions are helpful as a way of meeting decision-makers. If you are introduced - and especially if you are recommended by a personal friend who has a highly reputable image in the local market - this may enhance the development of a new personal relationship.

Such local agents may be used as door-openers; but they may also have valuable knowledge of domestic customs, connections and network, as well as the other side. Moreover, the agent may be used to transfer informal information to your negotiating partners, or even as a mediator.

Frequently, you find you are negotiating not with an employed representative of a large enterprise but with a successful entrepreneur running his or her own company or group of companies. As a result, the words "person" and "company" are used interchangeably. The owner and the management may be the same person. This must be taken into account during the negotiations and the other party must be given dignity and authority.

Business people in Asia frequently have their business interests not in one specified area but in diverse fields. Therefore their approach to the technical subject matter of the negotiation may be general and non-specific. When visiting an enterprise to form an initial view of its strengths and weaknesses, remember that

the person with the most relevant information may not be the president but an employee. One of the essential challenges in doing business in Asia is to spot such a person.

Lastly, a word on interpreters. In parts of Asia, such as the Arab world, India, Pakistan, Singapore and Malaysia, communication seems easy since English is widely spoken.

But in other countries, English-language skills and especially the western use of the language - saying "no" when you mean "no", for example - are rare. It is essential to find an interpreter who understands not only the language but also the underlying cultural notions.



**INSIDE TRACK: The importance of total clarity: In Asia, business people should make good use of an interpreter and be careful to avoid loss of face, says Sergey Frank**

Financial Times; Jul 20, 2001 By SERGEY FRANK

Generalisations can serve only as a guide to doing business in a continent of Asia's size and diversity. That was the caveat of an earlier article that set out some of the principal characteristics of negotiating in Asia - such as the importance of an introduction and the restrained style of communication. Here, in the same spirit, are some further reflections on how you should communicate.

The group often comes before the individual. Decisions are taken within the group and not by a single person. But the group has its hierarchy, which is frequently more explicit in Asia than in western communities. Everyone has a social rank and a role.

Good communication thus depends on finding out what the hierarchy is about - seek the help of your local agent if this is not obvious. Respect the other side's hierarchy and do not expect democratic or openly discussed decisions.

But do not confuse hierarchy with exclusivity. Seek to involve all the members of the other side's negotiating team. In particular, avoid bypassing any individual. That may lead to a loss of face that can have long-term consequences.

Respect the formalities, too. Unlike in, for example, the US, most Asian societies observe the rules of propriety and ceremony.

First, establish personal social contact with the business partner, even if this takes a little time - the real work comes later.

Avoid the telephone, telex or fax for important transactions. Use these means of communication once you have established personal contact and especially in order to follow up the deal.

Try to keep your message clear. Even if both parties speak English, as in India and Pakistan, take care to define the area of the negotiation. Do not start with figures and feasibility studies but with key terms and the concepts that define the project. Although a lack of

time can make preparation of this kind difficult, it is invaluable because some Asian negotiators may be reluctant to admit to a lack of knowledge or know-how.

You should usually involve an interpreter. You may need to furnish one yourself, preferably someone who is familiar with the subject matter of the negotiation. Maintain a pleasant attitude and allow for hourly breaks, to give the interpreter a rest.

Business practices vary from country to country, so talk to the interpreter about his or her role. Similarly, brief the interpreter in advance, if possible giving a sense of the agenda.

Help the interpreter by speaking clearly and slowly and for short periods. Avoid superfluous and little-known concepts or slang words. Avoid double negatives. Explain the chief ideas in two or three different ways, as the point may be lost if it is mentioned only once.

A concept is easier to comprehend if it is presented in writing. Let the interpreter make notes and ask questions. Write out the main points and results discussed during the negotiation - though you should let the interpreter clarify such points only with your assistance.

After a partial or total agreement has been reached, confirm in writing what has been agreed.

Be aware that in many Asian countries negotiations develop slowly compared with western Europe or North America. Avoid having your hands tightly tied by head office. Give yourself some flexibility about what you can do, without necessarily breaking the rules and regulations set at home. Always ask yourself what the thinking is behind a certain rule or regulation and how that thinking applies to your situation.

Do not expect the entire project to develop exactly as planned. It is a good idea to have time in reserve.

Above all, avoid putting your business partner in situations where he or she is likely to lose face.

**INSIDE TRACK: Keep something up your sleeve: Indians are good bargainers and they will expect you to be equally skilful, says Sergey Frank**

Financial Times; Sep 24, 2001 By SERGEY FRANK

In India, the door is, by and large, open to foreign businesses these days, especially when they minimise foreign-exchange resources, provide technical know-how and promise exports.

Many east Asian companies, especially those from Japan and South Korea, are investing money and manpower in the subcontinent. Moreover, an internationally minded software industry has emerged over the past decade.

Communication is relatively easy. A former British colony, India has kept English as its business language. Many businesspeople and civil servants received their professional education in the UK or, to a lesser extent, the US. Considerations that matter in other countries, such as where and how to get an interpreter, rarely apply here.

In addition, the legal and accountancy professions are similarly organised to their British counterparts. Legal documents are often drafted much as they would be in Britain; financial accounts are probably comparable - or at least understandable.

The atmosphere and personal relationships are important, but not as essential as in Japan, for example. You may find that people act in an extrovert manner. For example, they raise their voices when they talk to you. This does not necessarily imply anger or frustration.

You may also find yourself dealing with people who are both the owner and manager of a company. You should take this into account and respect the other side's dignity and authority as he or she requires. Flexibility is important, so it would be sensible to send a team of senior people able to make decisions on the spot.

Many Indian businesspeople have diversified business interests. Their approach towards the technical subject matter of negotiation may not be specific, but that of a generalist taking a "bird's eye view". They may seem confident and optimistic about handling business areas, even if these are new to them.

During the exploration and information gathering phase, remember that the other side probably has a different view on disclosure of information during negotiations. This is not bad faith, but a facet of an optimistic belief that it serves no purpose to emphasise unlikely and unwelcome turns of events.

Clarity is therefore essential. For example, when talking about equity shares in a joint venture make sure that your agreement covers all the shares in issue, and not just the shares that you and your counterpart own.

To avoid other misunderstandings, you should clearly establish the details that have been agreed on and those that are still subject to a final check.

Otherwise, items that have not been clearly defined may be deemed as approved by the other side.

One of the key elements in negotiation in India is the ability to listen. When you are talking, be eloquent and respectful and avoid irony or sarcasm.

Bargaining is an essential requirement. Indians are good and flexible bargainers and they expect their counterparts to be equally skilful. An enterprise that says "This is our policy and there is no way out," goes against their way of doing business. If displayed often enough, such an attitude may cause the negotiation to fail.

Be patient: any negotiation will need a fair amount of time, especially in the concession-making phase. Although you should be tough, try to maintain a positive, pleasant attitude to the talks.

However, be aware that as the negotiations draw to a close, your local partners may push for a last bargain. They may be seeking to prove their negotiating skills to their superiors or subordinates. Try to keep something up your sleeve that can be easily traded.

The authorities in India, may play an important role. Here, patience "really is a virtue". Explore with the local partner what kind of licences, concessions or tax exemptions are available. You should also find out how long it will take to obtain all the licences you need - and be prepared for delay.

All agreements should contain a clause of effectiveness stating that the agreement will come into force only after all the necessary licences and permits have been obtained. For big business transactions, you may want to hire local management consultants to obtain all the permits. All the best-known chartered accountancy firms are familiar with the task.

A well-conceived, well-negotiated contract is a good starting point, not a conclusion. It serves as a framework for continuing exchanges between the partners for as long as the relationship lasts.

Nevertheless, you should put all contracts on paper and use legal help.

