

Negotiating International Business - Austria

This section is an excerpt from the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.. It has been updated with inputs from readers and others, most recently in March 2008.

Though the country's culture is quite homogeneous, Austrian businesspeople, especially those among younger generations, are usually experienced in interacting and doing business with visitors from other cultures. Austria's current political and economic role may seem modest on a world scale, but keep in mind that back in its days of being part of the Austro-Hungarian Empire it wielded huge power and influence. Austrians tend to be very proud of their country.

Relationships and Respect

Business relationships are often only moderately important in this country and may not be a necessary precondition for initial business interactions. Your counterparts' expectation may be to get to know you better as you do business together. Austrians may appear somewhat reserved even after you have had lengthy business interactions with them. Once the necessary trust has been established, though, there will be a sense of loyalty to you as a respected business partner, which can go a long way should a difficult situation arise. Most Austrian businesspeople expect their partners to make a long-term commitment to the engagement.

Business relationships in this country exist between companies as well as between individuals. If your company replaces you with someone else over the course of a negotiation, it may be easy for your replacement to take things over from where you left them. Likewise, if you introduce someone else from your company into an existing business relationship, that person may quickly be accepted as a valid business partner. This does not mean that Austrians do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

In Austria's business culture, the respect a person enjoys depends primarily on his or her status, rank, and education. Admired personal traits include dependability, analytical thinking, and an ability to socialize.

Communication

Austria's official language is German. However, pronunciation and vocabulary are significantly different from German and also vary across the country's nine provinces. This tends to complicate the communication for those who learned German as a foreign language. Most businesspeople speak at least some English. With older high-ranking managers, it may be useful to engage an interpreter. Ask beforehand whether an interpreter should be present at a meeting. When communicating in English, speak in short, simple sentences and avoid using jargon and slang. It will help people with a limited command of English if you speak slowly, summarize your key points often, and pause frequently to allow for interpretation.

Businesspeople in this country usually speak in a controlled fashion, only occasionally raising their voices to make a point. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Being loud may be regarded as bad manners. Emotions are not shown openly. People generally converse standing around three feet apart.

Communication is usually quite direct. Although Austrians may prefer a diplomatic style and could sometimes make vague statements, they are usually willing to share their opinions, concerns, and feelings with others. They do not find it difficult to say 'no' if they dislike a request or proposal. In situations where there is a strong conflict of opinions, people may even appear blunt and confrontational. Do not read too much into this.

Austrians use body language sparingly. They may make some physical contact, but there is usually not a lot of it. The American OK sign, with thumb and index finger forming a circle, can be read as an obscene gesture in Austria. The thumbs-up gesture is positive as it signals approval. Eye contact should be frequent, as this conveys sincerity and helps build trust. However, do not stare at people.

Initial Contacts and Meetings

Having a local contact can be an advantage but is usually not a necessary precondition to doing business in Austria. Letters of introduction by someone your local business counterpart knows and respects can be very powerful.

Negotiations in Austria can be conducted by individuals or teams of negotiators. A senior executive should attend the initial meeting for your company. There will not be an expectation that the executive attend future meetings.

If possible, schedule meetings at least three to four weeks in advance, and do not cancel one on short notice since that can be viewed as very rude. Since Austrians want to know whom they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. Agreeing on an agenda upfront can also be useful. That agenda is usually strictly followed. At any meeting, whether business or social, it is strongly advisable to be very punctual. The German term for being late, 'zu spät,' translates into 'too late' in English. Being more than 10 to 15 minutes late without having a valid and plausible excuse can be an offense.

Names are usually given in the order of first name, family name. Some Austrians may state their names in the opposite order, which can be confusing. Use *Mr./Ms.* or *Herr/Frau* plus the family name. If a person has a professional or academic title, it is very important to use it instead, followed by the family name. Only close friends call each other by their first names. Introductions are accompanied by firm handshakes. Men should wait for women to initiate handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. Most businesspeople in Austria read English, so there is no need to have your card translated. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received.

Meetings usually start with some small talk intended to establish personal rapport. People appreciate a sense of humor, but keep it light and friendly, and be careful not to overdo it. One's private life is usually not a subject for discussion around meetings. Business tends to be a serious matter in Austria. Most meetings are quite formal. The primary purpose of the first meeting is to become acquainted. However, most of it will focus on business topics. It is vital to come well prepared as Austrians hate wasting time. There may be no room to discuss anything that is not on the agenda.

Presentation materials should be attractive, with good and clear visuals. Keep your presentation succinct and methodically thought out. Since they value directness, be straightforward about both positive and negative aspects. Austrians are suspicious of hype and exaggerations. Having your English-language handout materials translated to German is not required, though it will be appreciated.

Negotiation

Attitudes and Styles – To Austrians, negotiating is usually a joint problem-solving process. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They may focus equally on near-term and long-term benefits. The primary negotiation style is cooperative, but people may be unwilling to agree with compromises unless it is their only option to keep the negotiation from getting stuck. Since Austrians believe in the concept of win-win, they expect you to reciprocate their respect and trust. It is strongly advisable to avoid any open confrontation and to remain calm, friendly, patient, and persistent.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical arguments and facts while remaining open and constructive.

Sharing of Information – Austrian negotiators may spend considerable time gathering information and discussing details before the bargaining stage of a negotiation can begin. They usually share at least some information and rarely take it negatively if you ask about sensitive details, even if they may not want to answer.

Pace of Negotiation – Expect negotiations to be rather slow. Like their German neighbors, Austrians often follow a methodical and carefully planned approach in preparing for the negotiation and gathering information. Aspects of your proposals may be scrutinized repeatedly. Remain patient, control your emotions, and accept the inevitable delays. You may be able to speed up the process by sharing vital information upfront rather than ‘keeping your cards close to your chest.’

Austrians generally prefer a monochronic work style. They are used to pursuing actions and goals systematically, and they dislike interruptions or digressions. When negotiating, they often work their way down a list of objectives in sequential order, bargaining for each item separately, and may be unwilling to revisit aspects that have already been agreed upon. This style may be difficult to tolerate for negotiators from highly polychronic cultures, such as most Asians, Arabs, some Southern Europeans, or most Latin Americans, who may view it as closed-minded and overly restrictive. In any case, do not show irritation or anger when encountering this behavior. Instead, be willing to bargain over some items individually. Otherwise, clearly indicate that your agreement is conditional and contingent on other items.

Bargaining – Austrians are not fond of bargaining and strongly dislike haggling. In addition, most of them do not appreciate aggressive sales techniques and view negotiations as a ‘necessary evil’ rather than a process to enjoy. Although the bargaining stage of a negotiation can be extensive, prices rarely move by more than 15 to 25 percent between initial offers and final agreement.

Austrians often prefer a straightforward negotiation style. They use deceptive techniques only infrequently, such as telling lies, sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item’s value, or making false demands and concessions. Do not take such tactics personally and refrain from lying at or grossly misleading your counterparts, as doing so might damage business relationships. Carefully orchestrated, ‘good cop, bad cop’ may be an effective tactic to use in your own negotiation approach. Austrians may claim limited authority, stating that they have to ask for their manager’s approval. More often than not, this will be the truth.

Negotiators in the country may use pressure techniques that include opening with their best offer or showing intransigence. When using similar tactics yourself, clearly explain your offer and avoid being aggressive. Austrians may make final offers quite early in the bargaining process; while this is not common practice, they could actually be serious. Periods of silence in conversations are nor-

mal and may not represent an attempt to use it as a negotiation technique. Be careful when using pressure tactics such as applying time pressure, making expiring offers, or nibbling. Your counterparts may consider these inappropriate unless they are strongly interested in your offer and clearly understand the rationale behind the approach. Otherwise, while the negotiation is not necessarily over, it may become less constructive.

Austrian negotiators avoid most aggressive or adversarial techniques since they dislike open confrontation. The risk of using such tactics yourself may not be worth the potential gain. While they may use threats and warnings, Austrians rarely openly display anger or walk out of the room. Extreme openings may be viewed as inappropriate and unfriendly and the tactic rarely works to your advantage. It is best to open with an offer that is already in the ballpark of what you really expect.

Emotional negotiation techniques, such as attitudinal bargaining, attempting to make you feel guilty, or grimacing, may occasionally be employed. It is best to remain calm. Appeals to personal relationships are rare. At times, Austrians may employ defensive tactics such as changing the subject, asking probing or very direct questions, making promises, or keeping an inflexible position.

Introducing written terms and conditions may be effective as this approach helps shorten the bargaining process, which your Austrian counterparts could find desirable.

Corruption and bribery are very rare in Austria. It is strongly advisable to stay away from giving gifts of significant value or making offers that could be read as bribery.

Decision Making – Companies are often hierarchical, even though they may initially not seem that way, and people expect to work within clearly established lines of authority. Decision makers are usually senior executives who will consider the best interest of the group or organization. They may sometimes delegate their authority to lower levels in the hierarchy. It is important to find or create opportunities to directly influence the decision maker rather than only meeting with subordinates. Because decision making is a methodical process that is conducted with great diligence and precision, it takes much time and requires patience.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. Personal feelings and experiences weigh less strongly than empirical evidence and other objective facts do, but they usually consider all aspects. Austrians are often uneasy with change and reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first, for instance by explaining contingency plans, outlining areas of additional support, or by offering guarantees and warranties.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Actions that have been agreed upon are usually implemented immediately, even if a final contract is still pending. Although that contract is very important, interim agreements are usually kept.

Written contracts are serious matters in Austria and tend to be lengthy. They often spell out very detailed terms and conditions for the core agreements as well as for many eventualities. Legal aspects may be reviewed repeatedly. Signing the contract is important not only from a legal perspective, but also as a strong confirmation of your Austrian partners' commitment.

It is advisable to consult a local legal expert before signing a contract.

Contracts are usually dependable, and the agreed terms are viewed as binding. Requests to change contract details after signature may be considered as bad faith and will meet with strong resistance.

Women in Business


While Austrian society is making progress towards gender equality, few women have managed to attain positions of similar income and authority as men. As a visiting businesswoman, emphasize your company's importance and your role in it.

Female business travelers should graciously accept the old-fashioned courtesies that they will invariably encounter. Displaying confidence and assertiveness can be effective, but it is important not to appear overly bold and aggressive.

Other Important Things to Know

Conservative attire is important when doing business here. Male business visitors should wear suits with neckties on most occasions. First impressions can have a significant impact on how people view you.

Gift giving in business settings is rare. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives.

 <p>NEGOTIATING INTERNATIONAL BUSINESS</p> <p>Lothar Katz</p> <p>The Negotiator's Reference Guide to 50 Countries Around the World</p>	<p><i>Negotiating International Business</i> (Booksurge Publishing, second edition 2007) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 472-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.</p> <p>Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at</p> <p>www.NegIntBiz.com</p>
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