

Negotiating International Business - Brazil

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 June 2008.

Businesspeople and officials in Brazil, especially older ones, usually have only limited experience with other cultures except for neighboring countries. When negotiating business here, realize that people may expect things to be done 'their way.' However, people living in large cities, especially those among younger generations, may have greater international experience and can be very open-minded.

Brazil's somewhat heterogeneous business world includes immigrants from several cultures, including Portuguese, Arabs, Germans, Italians, Polish, Japanese, Spaniards, and many others. They may not always share the values and preferences presented in this section.

Relationships and Respect

Brazil's culture is generally group-oriented. Asserting individual preferences may be seen as less important than having a sense of belonging to a group, conforming to its norms, and maintaining harmony among its members. Building lasting and trusting personal relationships is therefore critically important to most Brazilians, who often find it essential to establish strong bonds prior to closing any deals. People in this country usually want to do business only with those they know, like, and trust. If they initially seem suspicious and non-committal, you may be able to overcome this with consistent friendliness, dedication, and goodwill. Proceed with serious business discussions only after your counterparts have become very comfortable with you. This can be an extremely time-consuming process and often requires several trips to strengthen the bonds. You are unlikely to get anywhere without significant investments of both time and money.

People may base their trust in others on past experience. In order to establish productive business cooperation, it will be critically important to keep and demonstrate a long-term perspective and commitment. Brazilians may expect that you value people and relationships more strongly than your business objectives. They tend to distrust people who appear unwilling to spend the necessary time or whose motives for relationship building are unclear.

Business relationships in this country exist between people, not necessarily between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company. That makes it very important to keep company interfaces unchanged. Changing a key contact may require the relationship building process to start over.

While Brazilians are usually warm and friendly, they are also very proud and may be easily offended by comments that leave room for misunderstandings. 'Saving face' and respecting everyone's honor and personal pride are crucial requirements for doing business in the country. Openly criticizing someone in front of others can have a devastating impact on your negotiation. Avoid open conflict, and know that politeness is crucial. In addition, showing genuine interest and compassion will win people's hearts.

In Brazil's business culture, the respect a person enjoys depends primarily on his or her status, rank, and education. Showing status is important since people will take you more seriously. Similarly, it is expected that everyone show respect to those of higher status. However, more and more people

in the country, especially among younger generations, have started questioning whether those in powerful positions are entitled to special privileges. Admired personal traits include creativity, oratory skills, and bargaining skills.

Communication

The official language of Brazil is Portuguese. It is notably different from the Portuguese spoken in Portugal. Brazilians do not perceive themselves as Hispanics. They may take offense if addressed in Spanish. However, if you speak Spanish fluently, you may want to ask politely whether they would mind speaking it.

Many businesspeople speak at least some English. With some high-ranking managers, it may be useful to engage an interpreter. To avoid offending the other side, 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. Even when the main meeting language is English, your counterparts may frequently speak Portuguese among themselves, not necessarily to shut you out from the discussion but to reduce their discomfort and ensure a common understanding among them.

While discussions may get very enthusiastic and lively, Brazilians generally dislike loud and boisterous behavior. However, it is crucial that you never lose your temper or appear impatient, as there is always a risk of hurting someone's pride. People may interrupt others or speak in parallel, but this is not recommended. Emotions are usually shown very openly. Brazilians generally converse in extremely close proximity, standing only one to two feet apart. Never back away, even if this is much closer than your personal comfort zone allows. Doing so could be read as a sign that you are uncomfortable around them.

Depending on the situation, communication in Brazil can be either direct or indirect. People usually avoid open conflict. In addition, they may be reluctant to disagree openly with someone they like, in which case it can become difficult to know their true opinion. However, in business settings they usually have no problem saying 'no' and may prefer frank messages to diplomatic ones. Brazilians can be direct and intense at the negotiation table, while polite and ambiguous in social settings. Silence likely signals embarrassment.

Gestures and body language can be very expressive. It is often not a good idea to imitate them, though. Physical contact with others of the same gender is ok. The American OK sign, with thumb and index finger forming a circle, is an obscene gesture in Brazil. Non-verbal communication can be very extensive, so watch for clues. If someone is flicking their fingertips underneath the chin, they are signaling that they do not know the answer to a question. Eye contact should be very frequent, almost to the point of staring. This conveys sincerity and helps build trust.

Initial Contacts and Meetings

Choosing a local intermediary, or *despachante*, who can leverage existing relationships to make the initial contact is highly recommended. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness. Your embassy, a trade organization, a chamber of commerce, or a local legal or accounting firm may be able to list potential *despachantes*.

It is often better to conduct negotiations in Brazil with a team of negotiators rather than to rely on a single individual. This signals importance, facilitates stronger relationship building, and may speed up the overall process. It is vital that teams be well aligned, with roles clearly assigned to each member. Brazilian negotiators may be very good at exploiting disagreements between members of

the other team to their advantage. Changing a team member may require the relationship building process to start over and should therefore be avoided.

Given the strong emphasis on status and hierarchy in the country's business culture, a senior executive should attend the initial meeting for your company and your negotiating team should include senior leaders who know your company well. There will not be an expectation that the executive attends future meetings. Similarly, the top executive on the Brazilian side, who may also be the ultimate decision maker, may attend only initially.

If possible, schedule meetings at least one to two weeks in advance. Since people 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. Reconfirm your meeting, and be prepared for your counterparts to cancel or postpone meetings with little advance notice. While meetings may start considerably late, Brazilians generally expect foreign visitors to be punctual. Avoid being more than 10 to 15 minutes late, and call ahead if you will be. Displaying anger if you have to wait, which happens often, reflects very poorly on you.

Names are usually given in the order of first name, family name. Some Brazilians may also have a middle name. Initially, use *Mr. /Ms.* or *Senhor/Senhora* plus the family name. However, it is common to use these with the first name, such as in 'Senhor Eduardo.' If a person has a title, such as *Doctor* or *Professor*, use it instead. Before calling Brazilians by their first name, wait until they offer it. This may happen quickly. Introductions are accompanied by handshakes, which may be extensive.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. It is strongly recommended to use cards with one side in English and the other in Portuguese. Do not offer a card that is in Spanish. 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, ensure that the Portuguese side is facing the recipient. Smile and keep eye contact while accepting someone else's card, then carefully examine it. Next, place the card on the table in front of you.

Meetings start with small talk, which may be extensive. This may include questions on a wide range of subjects. However, one's private life is not a subject for discussion around meetings. Most Brazilians dislike people who 'leap right into business.' It is important to be patient and let the other side set the pace. People appreciate a sense of humor, but keep it light and friendly, and be careful not to overdo it. Business is a serious matter in Brazil. While initial meetings may appear very formal, you may find the atmosphere at subsequent meetings to become much more relaxed. Overall, Brazilians tend to be less formal than most other Latin Americans may be.

The primary purpose of the first meeting is to become acquainted and build relationships. Business may be discussed, but do not try to hurry along with your agenda. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentation materials should be attractive, with good and clear visuals. Having your handout materials translated to Portuguese is not a must, but it will be appreciated and helps in getting your messages across.

When the meeting is over, stay around and have some more small talk with your Brazilian counterparts. Leaving right away suggests that you have better things to do and may offend others.

Negotiation

Attitudes and Styles - Leveraging relationships is an important element when negotiating in Brazil. Nevertheless, Brazilians often employ distributive and contingency bargaining. While the buyer is

in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. The primary negotiation style is competitive and Brazilians can be very aggressive negotiators. While proposals should demonstrate the benefits to both negotiating parties, neither of them should take attempts to win competitive advantages negatively. It is crucial to remain non-confrontational and avoid direct conflict throughout the bargaining exchange. Ultimately, the culture promotes a win-win approach and people value long-term business relationships. You will earn your counterparts' respect by maintaining a positive, persistent attitude. Do not openly show aggression or frustration.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by leveraging personal relationships.

Sharing of Information – Even when personal relationships are strong, Brazilian counterparts may be reluctant to share information openly. Many believe that privileged information creates bargaining advantages. At the same time, information that may seem irrelevant may be repeatedly reviewed.

Pace of Negotiation – Expect negotiations to be slow and protracted. Brazilians do not hurry and dislike people who do. They see impatience as a sign of weakness and may even think it rude. Be prepared to make several trips if necessary to achieve your objectives. Relationship building, information gathering, bargaining, and decision making may take considerable time. Attempts to rush the process are unlikely to produce better results and may be viewed as offensive. Throughout the negotiation, be patient, control your emotions, and accept the inevitable delays.

Most Brazilians prefer a very polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach and may jump back and forth between topics rather than addressing them in sequential order. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, may find this style confusing, irritating, and even annoying. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. More likely, this behavior either represents an attempt to create time pressure in order to obtain concessions, which happens frequently, or it simply reflects the slow decision process in the country. Again, patience and persistence are vitally important.

Bargaining – Brazilians are used to hard bargaining but are not overly fond of haggling. They can be tough and sometimes very aggressive negotiators. The bargaining exchange can be very extensive. While concessions never come easily, prices may move by 40 percent or more between initial offer and final agreement. Leave yourself sufficient room for concessions at different stages. After making one, always ask the other side to reciprocate. Throughout the process, remain cool and respectful, avoid confrontation, and frequently reaffirm the relationship.

During the bargaining exchange, keep in mind that intangible benefits such as increases in power and status may sometimes be more desirable to your counterparts than financial gains may.

Deceptive techniques are frequently used. This includes tactics such as telling lies and 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. Your Brazilian counterparts may make other attempts to mislead you in order to obtain bargaining advantages. Even when you can see right through a lie, it would be a grave personal insult to state or even hint that your counterpart is not telling the truth. It is advisable to verify information received from the local

side through other channels. Do not take such tactics personally and realize that overt attempts to lie at or bluff your counterparts could backfire and might damage business relationships. Brazilians sometimes use 'good cop, bad cop,' and it can be an effective tactic on either side of the negotiation table. However, it could be devastating if the other side recognized this as a tactic, and your team will need to exclude any 'bad cop' member from future negotiation rounds.

Negotiators in the country may frequently use pressure techniques that include making final offers, showing intransigence, or nibbling. Final offers may come more than once and are rarely final. Be careful when trying to open with your best offer. Brazilians may consider this inappropriate or even insulting. Silence can be a way to signal rejection of a proposal or to obtain further concessions. Do not use pressure tactics such as applying time pressure or making expiring offers as these may be taken as signs that you are not willing to build a long-term relationship. Your counterparts may even choose to terminate the negotiation.

Brazilian negotiators may sometimes appear aggressive or adversarial. Negotiations in the country could include confrontational elements. Using extreme openings is rare but can be effective to provoke an initial reaction. Negotiators may make threats and warnings, openly display anger, or even use walkouts. It is advisable not to respond in kind. There is always a huge risk to hurt your counterparts' pride and the margin for error is small. It will be best to remain firm and persistent, but also friendly and respectful.

Emotional negotiation techniques, such as attitudinal bargaining or attempting to make you feel guilty, are frequent and can be effective. Be cautious not to hurt someone's personal pride when employing any of these tactics, though. Pleas to personal relationships and other emotional appeals, such as emphasizing how your proposal will add to your counterparts' personal satisfaction or heighten their honor, can be very powerful. Your counterparts may use temperamental outbursts as a way to throw you off-balance. Keep your cool and do not respond in kind since this could become counterproductive.

Brazilians may frequently employ defensive tactics such as blocking or changing the subject, asking probing or very direct questions, making promises, or keeping an inflexible position.

Corruption and bribery are somewhat common in Brazil's public and private sectors. However, people may draw the line differently, viewing minor payments as rewards for getting a job done rather than as bribes. Also, keep in mind that there is a fine line between giving gifts and bribing. What you may consider a bribe, a Brazilian may view as only a nice gift.

Decision Making – Most companies are intensely hierarchical, and people expect to work with very clear lines of authority. Decision makers are usually top executives who will consider the best interest of the group or organization. They may or may not consult with others. Brazilian managers rarely delegate their authority. Gaining access to top managers can be difficult, though. You may have to deal with subordinates who have no decision-making authority but might nevertheless strongly influence the final decision, which may be made behind closed doors. Maintaining good relationships with these intermediaries is crucial to your success. Decision making can be a very slow process that requires much patience. Attempts to rush or put pressure on the process are not likely to succeed.

When making decisions, businesspeople may not rely much on rules or laws. They usually consider the specific situation rather than applying universal principles. Personal feelings and experiences, as well as intuition, weigh more strongly than empirical evidence and other objective facts do, but people will consider all aspects. Brazilians 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 written understandings after meetings and at key negotiation stages is useful since oral statements are not always dependable. Signatures are not required to confirm commitments. Brazilians still mostly rely on handshakes and their word, which are usually dependable.

Written contracts tend to be lengthy and often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Nevertheless, writing up and signing the contract is a formality. Brazilians believe that the primary strength of an agreement lies in the partners' relationship and commitment rather than in its written documentation.

It is recommended to consult a local legal expert before signing a contract. Local laws are often complex and difficult to understand. The Brazilian side may view it very unfavorably if you use a foreign lawyer. In addition, it may be best not to bring your attorney to the negotiation table as it could be read as a sign of mistrust.

Contracts are usually dependable, and the agreed terms are viewed as binding. However, business partners usually expect the other side to remain somewhat flexible if conditions change. Given the relatively unstable political and economic situation in the country, you should factor this possibility into your negotiation planning.

Women in Business

Machismo attitudes remain strong in this country. Women may be considered inferior, and they still have a hard time attaining positions of similar income and authority as men. As a visiting businesswoman, emphasize your company's importance and your role in it. A personal introduction or at least a letter of support from a senior executive within your company may help a lot.

Female business travelers should graciously accept any chivalric gestures they receive, while exercising caution and acting professionally in business and social situations. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and aggressive.


Other Important Things to Know

Social events do not require strict punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 30 minutes or more is perfectly acceptable.

Business may be discussed during meals in Brazil.

Gift giving in business settings is rare, at least as long as no strong relationship exists. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives.

A topic that is best avoided is the country's relationship with Argentina. In addition, do not refer to citizens of the United States as Americans. Brazilians are sensitive to this point as they feel that the term includes them.

| | |
|---|---|
| <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> |
|---|---|

Copyright 2006, 2007, 2008 - Lothar Katz
Modifying this excerpt, or using it in whole or in parts without proper attribution, is strictly prohibited by law.