

Negotiating International Business - Canada

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.

Most Canadian businesspeople, especially those among younger generations, are experienced in interacting and doing business with visitors from other cultures. They often take a genuine interest in other countries and are usually open-minded rather than forcing their ways upon you.

Canada's heterogeneous population is composed of the English-speaking majority (Anglo-Canadians or *Anglophones* representing almost 60 percent), and the French-speaking minority (French-Canadians or *Francophones*, around 23 percent), most of whom live in the Quebec province. It is essential to be aware of and respect the significant cultural and language differences between them. There are also sizeable groups who have emigrated from other countries, including many of Asian or Arab heritages. Many of them live in Toronto or Vancouver. The information provided in this section pertains mostly to Anglo- and French-Canadians. In addition, it is important to recognize the many unique characteristics that make the country distinct from the United States.

Style differences across Canada's population can still be pronounced in smaller cities and rural areas. Western Canadians are usually open to doing business with people from many different countries and cultures, while people in Atlantic Canada can appear regionally focused and somewhat closed-minded. The pace of business may be the fastest around Toronto and Ottawa.

Relationships and Respect

Generally, business relationships are only moderately important in this country. They are usually not a necessary precondition for initial business interactions. Your counterparts' expectation may be to get to know you better as you do business together. This is especially true for Anglo-Canadians, while French-Canadians tend to place more emphasis on building stronger relationships before engaging in serious business interactions. Generally, people in the country may emphasize near-term results over long-range objectives but are usually also interested in building long-term relationships. However, many Canadians are competitive and may think it ok for partners in a productive business relationship to cooperate and compete at the same time, a view that others from strongly relationship-oriented cultures rarely share.

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 the Canadians do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

In the country's business culture, the respect a person enjoys depends primarily on his or her achievements and to a lesser degree, education. Rank and titles play a somewhat more important role here than they do in the United States. Admired personal traits include honesty, ambition paired with humility, tolerance, and reasonableness.

Communication

Canada is officially bilingual. The federal government works in the two official languages, English and French. Canadian English differs from both British and American English, though it is closer to the latter. There are distinct differences between French and Canadian French. Most French-Canadians also speak English.

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. Canadians are polite listeners and rarely interrupt others. Periods of silence do not necessarily convey a negative message. Anglo-Canadians usually do not openly show emotions, which is unlike French-Canadians, who tend to be more animated and expressive. People generally converse standing around two to three feet apart. French-Canadians will likely get closer than that.

While usually friendly and polite, communication in Canada is often quite direct. Canadians dislike vague statements and may openly share their opinions and concerns. Too much diplomacy may confuse and irritate them and can give the impression of insincerity. They may ask for clarifications and rarely find it difficult to say 'no' if they dislike a request or proposal. If something is against company policy or cannot be done for other reasons, your counterpart will likely say so. They may view this as a simple statement of fact and might not understand that someone else could consider this directness insensitive.

Gestures and body language are usually subtle in Canada. Physical contact is rare and best avoided. Approval is shown by an upward pointing thumb or with the *OK* sign, with thumb and index finger forming a circle. Do not use your fingers to point at others. Instead, point with your head. 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, especially with French-Canadians, but it is usually not a necessary precondition to doing business.

Negotiations in Canada can be conducted by individuals or teams of negotiators. Both approaches have their distinct advantages. Since decisions are often made by individuals, meeting the decision-maker one-on-one may help get results quickly. On the other hand, a well-aligned team with clearly assigned roles can be quite effective when negotiating with a group of Canadians. Owing to the high degree of individualism that characterizes the culture, Canadian teams are not always well aligned, which sometimes makes it easy to play one member against the other.

Scheduling meetings in advance is required. However, you can sometimes do this on short notice, especially if the parties have had previous business interactions. Canadians generally expect visitors to be punctual. Avoid being more than 5 minutes late, and call ahead if you will be.

Names are usually given in the order of first name, family name. Use *Mr./Ms.* plus the family name. If a person has an academic title, such as *Doctor* or *Professor*, use it instead, followed by the family name. Before calling Canadians by their first name, wait until they offer it. This may happen quickly since the use of first names is not a sign of intimacy. However, do not use the other person's name as frequently as you might in the United States. Introductions are usually accompanied by handshakes. Men should wait for women to initiate handshakes. The standard greeting is 'how are you?' It is rhetorical, so it is best to respond with the same phrase or to say something like 'fine, thank you,' or 'I'm doing great, and you?'

The exchange of business cards is not a mandatory step, but it is best to bring a sufficient supply. They may sometimes be exchanged at the end rather than the beginning of the meeting. It is beneficial to include both French and English translations on your card. If you plan to conduct business in the province of Quebec, it is vital that your card is translated into French. 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. Offer your card to everyone present. You may not always get one in return. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received. Next, place it on the table in front of you.

Meetings usually start with some polite small talk, which can be brief. Humor, which should be friendly and not overly ironic and sarcastic, is important and almost always appreciated. One's private life is not a subject for discussion around meetings. During the first meeting, it is best to preserve an air of formality while remaining polite and cordial, listening more than speaking.

While one purpose of the initial meeting is to get to know each other, the primary focus will be on business topics. Either the meeting leads to a straight decision or there will be a list of follow-up actions. Smaller deals may be decided and finalized at the first meeting. If the meeting concludes without next steps being defined, this may mean that there is no interest to continue the discussion.

Presentation materials should be very attractive, with good and clear visuals. Prepare thoroughly and make sure your key messages come across clearly. However, avoid delivering presentations full of excitement and hype since they will make your Canadian audience suspicious. Stringent French-language requirements exist in the province of Quebec, where you must provide a French translation for promotional material and other documents. Even in other provinces, Canadian organizations may require your material to be in both English and French, especially when dealing with government institutions. Make inquiries in advance if necessary.

Negotiation

Attitudes and Styles – To Canadians, negotiating is usually a joint problem-solving process. With French-Canadians, however, it may mean engaging in a somewhat more aggressive debate aimed at reaching a mutually agreeable solution. 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 and people may be open to compromising if viewed helpful in order to move the negotiation forward. Since Canadians believe in the concept of win-win, they expect you to reciprocate their respect and trust. They are often very pragmatic and usually find compromises both sides can live with. While the negotiation exchange may include conflicts, you should keep a positive attitude and show willingness to work with the other side in an effort to reach agreement.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by showing willingness to compromise and appealing to your counterparts' fairness.

Sharing of Information – Canadian negotiators usually spend time, sometimes a lot of it, gathering information and discussing details before the bargaining stage of a negotiation can begin. They may share a lot of information as a way to build trust. It can be very counterproductive to appear as if you are hiding facts from your Canadian counterparts. However, they will usually accept it if you state openly that you do not want to share certain information. They value information that is straightforward and to the point. Do not provide misleading information as your counterparts will likely consider this unfair and may try to 'get even.'

Canadians are generally suspicious of hype and exaggerations and may respond negatively to a 'hard sell' approach that might be effective in the United States.

Pace of Negotiation – Negotiations in Canada often move at a rapid pace. Though somewhat cautious, Canadians believe in the ‘time is money’ philosophy almost as strongly as Americans do. Accordingly, your counterparts will generally want to finish the negotiation in a timely manner and implement actions soon. Even complex negotiations may not require more than one trip, as follow-up negotiations are often conducted via phone and e-mail.

Canadians 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. They may show little tolerance if a more polychronic counterpart challenges this approach, which they view as systematic and effective. This rigid 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.

Stalling a negotiation in an attempt to create time pressure in order to obtain concessions, or to gain the time needed to evaluate alternatives, may turn out to be a big mistake. Canadians hate wasting time and have little patience if they feel that the other side may be hiding or holding back something. Unlike in many other cultures, negotiators may actually become less inclined to make concessions if they feel that the overall bargaining exchange is taking too long. Worst case, your counterparts may lose interest in the deal.

Bargaining – Canadians are not overly fond of bargaining and dislike haggling. They can be tough negotiators but are usually less aggressive than Americans may be. Appearing confident and assertive is essential, though, since facing an apparently insecure counterpart may encourage Canadians to negotiate harder. State your position clearly and be willing to push for it as needed.

Negotiators in Canada may take firm positions at the beginning of the bargaining process. Once you convince them that you are intent on holding your own, they may become more willing to make concessions. However, prices rarely move by more than 10 to 20 percent between initial offer and final agreement.

Most people in this country expect to negotiate ‘in good faith.’ However, they may occasionally use deceptive negotiation techniques 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. Do not lie at or otherwise grossly mislead your counterparts, as doing so might damage or even destroy business relationships. Since ‘good cop, bad cop’ requires strong alignment between the players, only experienced negotiators who have spent time practicing the tactic may be using it. Carefully orchestrated, it may be effective in your own negotiation approach. Businesspeople may claim limited authority, stating that they have to ask for their manager’s approval. This could be a tactic or the truth.

Canadian negotiators may use pressure techniques that include opening with their best offer, showing intransigence, making final or expiring offers, or nibbling. When using similar tactics yourself, clearly explain your offer and avoid being aggressive. Avoid making decreasing offers, as they will likely be viewed as inappropriate and offensive. Silence can sometimes be effective as a way to convey displeasure. Be careful when attempting to create time pressure. Although it can be very effective since the Canadians’ sense of urgency usually works against them, their level of interest could drop and they might start considering alternatives to the deal at hand. Persistence is important, though, and you will frequently find your counterparts exploring all options to bring the negotiation to a successful close as quickly as they can.

Avoid aggressive tactics when negotiating with Canadians. They will not shy away from open confrontation if challenged, but this is likely to deteriorate rather than strengthen your bargaining position. French-Canadians may sometimes appear aggressive as the bargaining gets more heated. Remind yourself that they may not perceive it that way. Opening with an extreme offer may be viewed as an unfriendly act. It is best to open with one that is already in the ballpark of what you really expect.

Other emotional negotiation techniques may be more frequent. Canadians may employ attitudinal bargaining or send dual messages. It is often best simply to ignore these tactics. Attempts to make you feel guilty and appeals to personal relationships are rare since people believe that these have no place in business. However, using these tactics yourself may be surprisingly effective with some negotiators.

Canadian businesspeople may employ defensive tactics such as changing the subject, blocking, asking probing or direct questions, making promises, or keeping an inflexible position. Attempts to change the subject repeatedly in order to confuse your counterparts may meet with resistance, though.

Introducing written terms and conditions may be effective tactics that could help shorten the bargaining process, which most of your Canadian counterparts may find desirable. Similarly, they may frequently attempt to introduce pre-printed clauses. Unless these are based on company policies, which are usually non-negotiable, you should ignore such attempts and insist that all terms and conditions be discussed and agreed upon individually.

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

Decision Making – Canadian companies are usually not overly hierarchical. Nevertheless, they usually have extensive policies and processes that may affect decision making. They are almost always followed. Decision makers are usually individuals who may or may not consult with others in the group or organization. Managers are expected to accept responsibility for their own as well as their employees' actions. Decision-making authority is often delegated to lower levels in the hierarchy and may not require any further approval from others. Generally, the size of a deal determines how high in the organization you need to go. Once the bargaining process has concluded, decisions are often made quickly.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. This is especially true for French-Canadians. Empirical evidence and other objective facts weigh much more strongly than personal feelings and experiences do. Canadians are medium risk takers who are often a bit more cautious than Americans may be.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Many Canadians pride themselves with being consistent, so they will likely keep their commitments, at least if they are sufficiently documented. While you should not consider interim agreements final, avoid the impression that you are not willing to hold up your commitments. Nevertheless, only a contract signed by both parties constitutes a binding agreement.

Written contracts tend to be lengthy and somewhat legalistic. They often spell out detailed terms and conditions for the core agreements as well as for many eventualities. They usually represent irrevocable commitments to the terms and conditions they define and can only be changed with both partners' consent.

Always consult a legal expert who has sufficient relevant experience before signing a contract. While the society is not quite as litigious as the one in the United States, Canadians are also quite willing to enforce contracts in court if necessary. Your legal counsel may also attend negotiations to provide legal advice throughout the bargaining process.

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

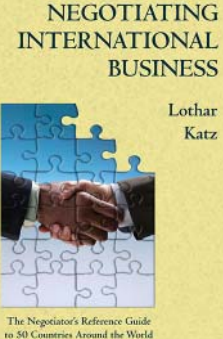
While women enjoy similar rights as men, many of them are still struggling to attain positions of similar income and authority. Nonetheless, Canadian women expect to be treated seriously and respectfully. A visiting businesswoman should have few problems in the country.

Other Important Things to Know

Business lunches and dinners are common. Canadians often discuss business during meals.

Punctuality is also valued in many social settings. It is best to be right on time for dinners, and to arrive at parties within 10 to 15 minutes of the agreed time.

Gift giving in business settings is rare, especially early in your engagement. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives. However, partners may exchange small gifts when the contract is signed.

	<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 style="text-align: center;">www.NegIntBiz.com</p>
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