

Negotiating International Business - Colombia

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.

Businesspeople and officials in Colombia usually have only limited exposure to other cultures except for neighboring countries. Its culture is quite homogeneous. When negotiating business here, people often expect things to be done 'their way.' However, some among younger generations may have greater international experience and can be more open-minded.

Relationships and Respect

Colombia'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 very important to most Colombians, 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 and goodwill. Establishing productive business cooperation requires a long-term perspective and commitment. Proceed with serious business discussions only after your counterparts have become very comfortable with you. This process can take even longer in Colombia than in other Latin American countries. It will probably require several trips to strengthen the bonds. Colombians tend to distrust people who appear unwilling to spend the 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.

Establishing personal relationships with others in Colombia can create very powerful networks and may help you a lot to achieve your business objectives. Whom you know may determine whether people want to get to know you. Similarly, whether people think you are worth knowing and trusting often weighs much more strongly than how competent you are or what proposals you may have to make. Personal networks may open doors and solve problems that would otherwise be difficult to master. Maintaining honest and cordial relations is crucial. Third party introductions can be very helpful as a starting point to building a trusting relationship with a potential partner.

In Colombia's business culture, the respect a person enjoys depends primarily on his or her status, rank, and education. Admired personal traits include sincerity, integrity, and charisma.

Communication

While the country's official language is Spanish, it is notably different from the Spanish spoken in Spain. Many businesspeople speak at least some English, but being able to speak Spanish is a clear advantage. With high-ranking managers, it may otherwise 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 Spanish among themselves, not necessarily to shut you out from the discussion but to reduce their discomfort and ensure a common understanding among them.

Colombians tend to be very formal. They usually speak softly. While they may occasionally raise their voices to make a point, they dislike loud and boisterous behavior. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Emotions are usually not shown openly. People may converse in close proximity, standing only two feet or less 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.

Communication in Colombia is usually not overly direct. People may not get straight to the point when trying to get a message across and you may have to read between the lines to understand what is being conveyed. They may tell you what they think you want to hear rather than what they really think. Silence may express embarrassment or otherwise communicate a negative message. It is beneficial to use a similarly indirect approach when dealing with Colombians, as they may perceive you as rude and pushy if you are too direct. The communication may become more direct and frank once a strong relationship has been established. However, Colombians may not find it difficult to say 'no' if they dislike a request or proposal.

Gestures and body language can be lively, especially if they help underline what is being said. There may be frequent physical contact with others of the same gender. This may include touching your arm while speaking to you. Friends may embrace while slapping each other's backs. The American OK sign, with thumb and index finger forming a circle, can be read as an obscene gesture in Colombia. Eye contact should be very frequent, almost to the point of staring. This conveys sincerity and helps build trust. Yawning in public is impolite.

Initial Contacts and Meetings

Choosing a local intermediary, or *enchufado*, 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.

It is often better to conduct negotiations in Colombia 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. Colombian 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 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 Colombian side who is likely the ultimate decision maker may attend only initially. The most senior executive to attend throughout the negotiation on the Colombian side will likely be at a similar level in the hierarchy as your own negotiation leader.

If possible, schedule meetings at least two to three weeks in advance. Since Colombians want to know whom they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. While meetings may start considerably late, people 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 reflects very poorly on you.

Names are usually given in the order of first name, family names. Most Colombians have two family names, the first one from their father, and the second one from their mother. Use *Mr./Mrs./Miss* or

Señor/Señora/Señorita, plus the father's family name, which is always the first one of the two family names given. If a person has an academic title, such as *Doctor* or *Professor*, use it instead, followed by the father's family name. Only close friends call each other by their first names. It is important to take your time with introductions and greetings, never appearing rushed. Introductions are accompanied by handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. It is recommended to use cards with one side in English and the other 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 Spanish 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 personal questions about your background and family, allowing participants to become acquainted. It is important to be patient and let the other side set the pace. Initial meetings may appear formal, but the atmosphere usually is a bit more relaxed in subsequent meetings. 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 Colombia. Meetings may appear somewhat chaotic, with frequent interruptions and several parallel conversations. Do not take this personally; it also does not indicate a lack of interest.

The purpose of the first meeting, maybe also the second one, is to become acquainted and build relationships. Business may be discussed, but do not try to hurry along with your agenda. Colombians dislike people who try to get to the point quickly. The goal should be to establish respect and trust between yourself and your counterparts. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentation materials should be attractive, with good and clear visuals. Use diagrams and pictures wherever feasible, cut down on words, and avoid complicated expressions. Having your handout materials translated to Spanish 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 Colombian 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 Colombia. Nevertheless, Colombians 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. Although the primary negotiation style is competitive, Colombians nevertheless value long-term relationships. While proposals should demonstrate the benefits to both negotiating parties, neither of them should take attempts to win competitive advantages negatively. It is critically important to remain non-confrontational and avoid direct conflict throughout the bargaining exchange. Ultimately, the culture promotes a win-win approach. You will earn your counterparts' respect by maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by leveraging personal relationships and emphasizing long-term benefits. Patience and creativity will pay strong dividends.

Sharing of Information – Even when personal relationships are strong, your Colombian counterparts may be reluctant to share information openly. Many believe that privileged information creates bargaining advantages.

Pace of Negotiation – Expect negotiations to be slow and protracted. Colombians do not hurry and dislike people who do. 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 Colombians prefer a 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, or it simply reflects the slow decision process in the country. Again, patience and persistence are vitally important.

Bargaining – Colombians are used to hard bargaining but generally dislike excessive haggling. They can be tough negotiators and the bargaining exchange is sometimes extensive. Although they may show interest in new ideas and concepts, Colombians often find it difficult to change their position. Since overly compromising is viewed as a sign of weakness, requesting a compromise may become an issue of pride if presented in the wrong way. Be respectful throughout the bargaining exchange. Rather than pushing for concessions, it may be better to re-address disagreements in follow-up meetings, which gives your counterparts the opportunity to reconsider their position without overtly losing face. Prices may move by about 25 to 35 percent between initial offer and final agreement. Leave yourself sufficient room for concessions at different stages. However, they will never come easily. After making concessions yourself, 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 Colombian counterparts may occasionally play stupid or otherwise attempt to mislead you in order to obtain bargaining advantages. 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. 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. 'Good cop, bad cop' may be used and could prove effective 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. Colombians may claim limited authority, stating that they have to ask for their manager's approval. This is usually the truth.

Negotiators in the country may 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. Colombians may consider this inappropriate or even insulting. Silence can be an effective 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.

Colombian negotiators avoid openly aggressive or adversarial techniques. While they may make indirect threats and warnings or subtly display anger, they will be careful not to appear aggressive when doing so. Extreme openings are not frequently used since they may adversely affect the relationship, so be very cautious when using the tactic yourself. Never walk out or threaten to do so in an aggressive fashion as your counterparts will likely take this as a personal insult and may end all talks. However, threatening a 'friendly walkout' while strongly emphasizing the relationship may be very effective.

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. Colombians 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 Colombia'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 Colombian may view as only a nice gift.

Decision Making – Most companies tend to be very hierarchical, and people expect to work within clearly established lines of authority. Many businesses in Colombia are still family-owned. Decision makers are usually heads of family or senior executives who will consider the best interest of the group or organization. While they may consult with others and prefer to reach consensus before making the final call, bosses accept all of the responsibility. Authority is rarely delegated, so it is important to deal with senior executives. At the same time, subordinates may strongly influence the final decision and maintaining good relationships with them can be crucial to your success. Although the pace of business is accelerating, decision making can be a 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 weigh much more strongly than empirical evidence and other objective facts do. Colombians 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. Oral commitments may sound stronger than what your Colombian counterparts may be willing to put in writing. Do not rely on interim agreements to be final, even if they come in the form of written protocols. Any part of an agreement may still change significantly before both parties sign the final contract.

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. Colombians believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation.

It is advisable to consult a local legal expert before signing a contract. However, do not bring in your attorney until the negotiations have concluded. Colombians may read it as a sign of mistrust if you do.

Signed contracts may not always be honored. This depends to no small degree on the strength of the continuing relationship between the contract partners. It is strongly advisable to continue staying in touch and maintaining the trust of your Colombian business partner. Business partners usually expect the other side to remain somewhat flexible if conditions change, which may include agreeing to modify contract terms. 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. However, women are more involved in business life than elsewhere in Latin America, although they rarely attain positions of similar income and authority as men. As a visiting businesswoman, it is often effective to emphasize your company's importance and your role in it.

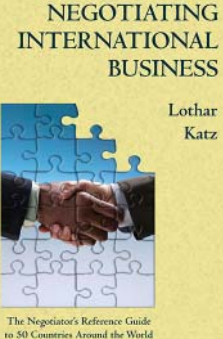
Female business travelers should graciously accept any chivalric gestures they receive, while exercising caution and acting professionally in business and social situations. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and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

Do not refer to citizens of the United States as Americans. Most Latin Americans are sensitive to this point as they feel that the term includes them. They prefer to say *norteamericanos* or *North Americans*.

Colombia is a high-crime country. International visitors potentially face mugging, burglary, and even kidnapping. It is strongly advisable to dress inconspicuously and leave status symbols such as expensive watches or briefcases at home.

 <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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